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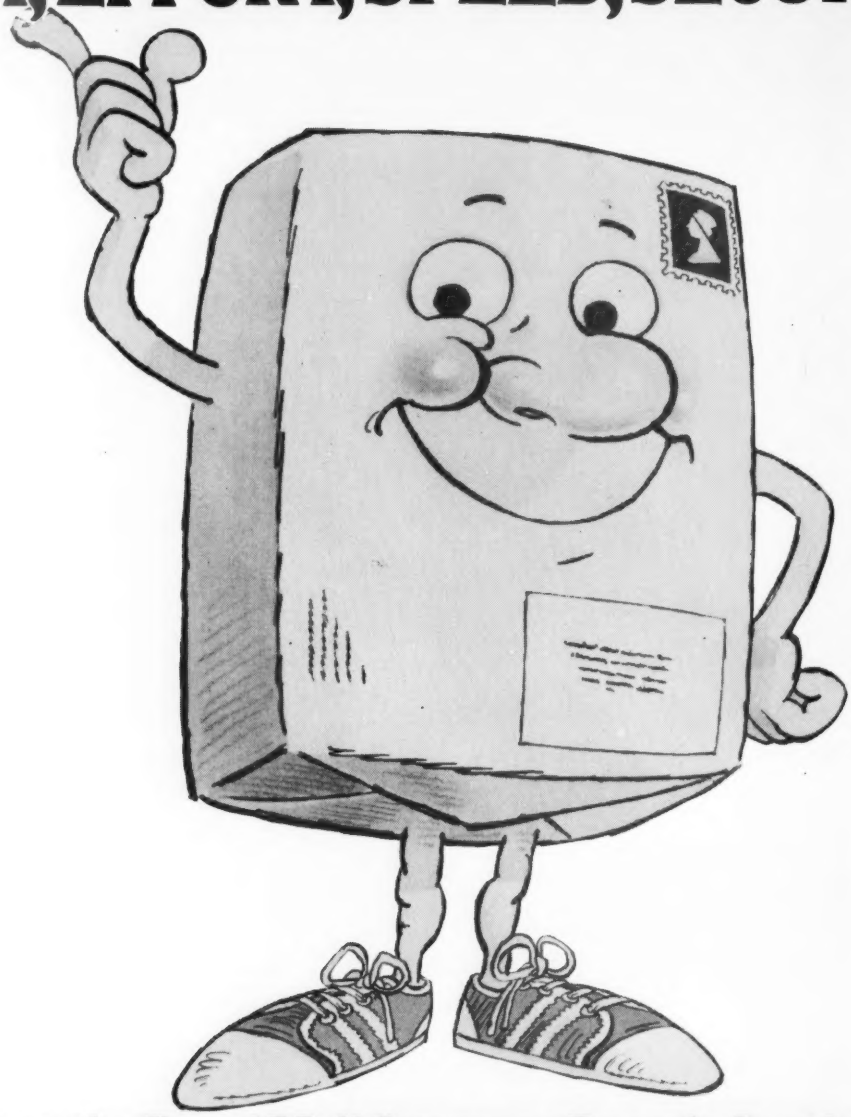

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Trade and Industry

30 March 1979

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Trade and Industry

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Trade and Industry this week

HOME

KME takeover?

Following the liquidation of Kirkby Manufacturing and Engineering (KME) announced on Tuesday, industry minister Alan Williams said that his department was urgently contacting all who might be interested in taking over the company's business and preserving jobs in the area.

Anyone who did take over the company would be free to submit an application for financial support which would be judged by the normal criteria he said.

At KME's request, Mr Williams said, the department had set up a working party with the aim of preserving as many jobs as possible. It reported last November and Mr Williams explained, if its recommendation had been implemented this would have already meant a secure, long-term future for some 450 workers.

Improved service industries grants

Substantial improvements in grants to service industries were announced by Alan Williams, Minister of State at the Department of Industry, on Tuesday. These are designed, particularly, to attract more white-collar employment to the assisted areas.

Introducing the scheme, Mr Williams said that highest priority must continue to be given to the creation of manufacturing employment in the assisted areas. But the unemployment problems of these areas would not be solved through manufacturing industry alone. The service sector was 'essential', he said. This scheme, with its generous incentives, should stimulate the establishment of service industry in the areas of high unemployment.

The scheme provides for job creation grants of up to £6,000 for each job provided within three years by firms moving to the assisted areas with fixed minima of half the maximum grant. The grants are:

- ☐ Special development area: maximum £6,000 minimum £3,000
- ☐ Development area: maximum £4,000 minimum £2,000
- ☐ Intermediate area: maximum £2,000 minimum £1,000

Half the total grant offered in each case will be paid one year after the start of a project to help offset the immediate costs of disturbance incurred by firms as a result of a move. The balance will be paid two years' later or when the project is completed, whichever is sooner. The balance may be adjusted downwards if the employment achieved is significantly less than forecast.

Projects may only qualify for assistance under the scheme where there is a real choice of location between the assisted areas and elsewhere. The scheme does not apply however to companies moving from partnership areas designated under the Inner Urban Areas Act 1978.

In addition, a fixed non-taxable grant of £1,500 will be paid to essential staff moving with their work (providing their removal expenditure exceeds that sum) up to a limit of 30 per cent of the jobs provided in the assisted areas.

The job creation grant will also be available to new projects and expansions of projects already located in the assisted areas; and to central administrative and non-statutory functions of nationalised industries. It will not be available to the non-trading public sector.

Misleading bargain offers banned

A range of misleading or uninformative bargain offer claims is to be prohibited by an order laid in the House of Commons on Tuesday.

Replying to a parliamentary question, Robert Maclennan, Parliamentary Under Secretary of State for Prices and Consumer Protection, said that the order would make it illegal for manufacturers, retailers and advertisers to offer mythical bargains by using false comparisons.

These would include such claims as 'worth £50, our price £30', where the suggested bargain might exist only because the value ascribed to the article was inflated; 'our price £26, price elsewhere £32', where in practice no other shop might actually charge the higher price, or where the higher price was only charged in exceptional circumstances; and 'reductions of up to 50 per cent', where the great majority of items on sale might offer much lower reductions, and, possibly, none whatsoever.

Mr Maclennan explained that comparisons with recommended retail prices would also be banned in particular sectors where there was evidence that they were inflated, so that large, though fictitious, reductions were often claimed.

Consultations were to begin at once about four groups – consumer electronic goods, household electrical goods, carpets and furniture.

The Price Commission would monitor the way in which recommended retail prices were used in different sectors and particularly suspect sectors would be referred to it for detailed examination. If new sectors showed evidence of abuse, the prohibition would be extended to them, he said.

Mr Maclennan pointed out that the government had not put a total ban on recommended retail prices, as in some sectors they could play a useful part.

Non-executive directors: possible legislation

Government is still considering whether it should give legislative backing to the appointment of non-executive directors and there will be further consultations about non-executive directors before the companies bill moves to its next stage.

This point was made by Stanley Clinton Davis, Parliamentary Under-Secretary of State for Companies, Aviation and Shipping, on Monday (26 March) at a conference in London on audit committees.

There had been a number of helpful responses to the wide consultations about the role of non-executive directors. But Mr Clinton Davis said although the responses had been against legislating, the alternatives suggested were unlikely to bring sufficient pressure to bear on those companies which most needed effective non-executive directors. 'I am left wondering whether legislative backing would not be more effective, with a code of practice used to prevent the appointment of the chief executive's sister, cousin and aunt to fill the three statutory non-executive director posts on the board.'

The government, he said, was inclined to accept the view that it should not legislate on audit committees for the time being.

OVERSEAS

Guidance note on Arab boycott issued

A new guidance note on the Arab boycott of Israel was issued by the Department of Trade on Monday.

The purpose of this note is, the department says, to help remove misunderstandings and unnecessary anxieties among British businessmen about the operation of the Arab boycott of Israel as it affects British firms; to provide British firms with information about the boycott which may be helpful to them in taking decisions about trading and other relations with firms in the Arab world and Israel, and to set out the government's policy towards the boycott.

Firms requiring assistance or advice concerning the operation of the Arab boycott should contact Commercial Relations and Exports Division 5, Department of Trade, 1 Victoria Street, London SW1H 0ET, tel. 01-215 5220. All inquiries will be dealt with in strict confidence. Copies of the note can also be obtained from this address.

The businessman's guide to incentives available in the Areas for Expansion.

Capital grants

Manufacturers can obtain capital grants of 20% or 22% for new buildings; also for new plant and machinery in many Areas. ☐ *Tick here*

Attractive finance

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Rent-free offices

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Above is a brief guide to the investment incentives available in the Areas. They apply to companies moving into, or already in, the Areas for Expansion.

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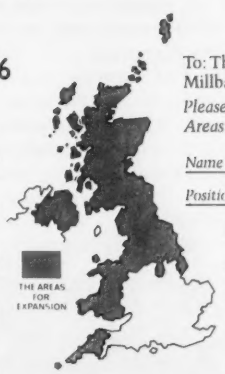

To: The Industrial Expansion Team, Department of Industry, Millbank Tower, London SW1P 4QU.

Please send me full details of the benefits available in the Areas for Expansion, as I have indicated above.

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Position in company _____

Company _____

Nature of Business _____

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Areas for Expansion

ISSUED BY THE DEPARTMENT OF INDUSTRY in association with the Scottish Economic Planning Department and the Welsh Office

Home news

NEB backs restructuring in British underwater engineering

National Enterprise Board has agreed in principle to back the formation of a new British underwater engineering group, British Underwater Engineering (BUE). This group, with initial shareholders' funds of £6 million will acquire certain assets of the Vickers Offshore Engineering group. BUE is being set up by NEB as the majority shareholder with Brown and Root (UK) Ltd (a member of the Halliburton Group) and Wharton Williams Ltd as other shareholders. NEB's initial shareholding will be 89 per cent, but over time Brown and Root and Wharton Williams will be enabled to increase their holdings to 24.5 per cent each.

The BUE group will own and operate manned submersibles and associated support ships to provide specialised inspection and maintenance services to the offshore oil industry worldwide. BUE is also negotiating arrangements to continue development of a subsea completion system and explosive welding techniques.

BUE will also acquire Vickers Slingsby which specialises in high-grade, glass-re-inforced plastic (grp) technology and develops and builds a range of sophisticated underwater vehicles and grp components. Slingsby will operate as an autonomous unit within the group and will remain at its present location in Yorkshire.

Management

BUE will be managed by Wharton Williams (2W), the 50/50 joint venture between Wharton Williams Ltd and Taylor Diving and Salvage Inc (a member of the Halliburton Group). The 2W joint venture is entirely British-managed by Wharton Williams Ltd and its involvement with BUE will enable a broad range of underwater contracting services to be provided from within the same group, including the back-up of a substantial R&D, engineering and manufacturing capability.

Major initiative

For NEB, the investment in BUE will be a major initiative in the offshore engineering industry, which it has identified as a priority sector. NEB is keen to foster British capability in the offshore industry to exploit both the existing North Sea and growing markets overseas. The board believes that the prospects for the underwater engineering sector present an important opportunity for the further development of existing British capabilities. NEB and its partners recognise that the operation of manned submersibles has proved a difficult sector of the offshore industry recently and that the recovery of this sector may take some time. However, it is confident that under the management of Wharton Williams, and with the support of the Halliburton Group, the new company will be well placed to win a profitable share of the underwater engineering market as it expands.

Closer links between business and higher education

There is a need for better contacts between business and higher education to ensure a steady flow of fully trained and educated recruits to industry, Gordon Oakes, Minister of State, Department of Education and Science, told businessmen on 19 March.

Speaking to the British Business Graduates' Society in London, Mr Oakes said that the government was making an enormous annual investment in business education through student grants, the university grants committee, the Social Science Research Council and, through the rate support grant, to local authorities, who in turn, finance polytechnics and local colleges.

He pointed out that in 1976, this was providing for about 117 000 students on business and management courses ranging from the higher national certificate to postgraduate studies and research work. There were a further 46 000 students on ordinary national diploma and certificate courses in the same year.

Mr Oakes said that over the past 25 years there had been a significant and accelerating development of management education and that business studies was the fastest growing of all university disciplines. The former colleges of advanced technology had already begun to develop management education and thereby contributed to the supply of managers trained to have a full grasp of the special problems of running engineering and high-technology industries

Oil surplus of £75m transferred to consolidated fund

A £75 million surplus in the national oil account (NOA) has been transferred to the consolidated fund.

Replying to a parliamentary question in the House of Commons on 23 March energy secretary Tony Benn said that this surplus was one indication of the growing benefit to the exchequer and to the taxpayer of government policy in the North Sea.

The transfer followed a review of the balance in the account, in the light of the inflow of petroleum royalties at the end of February, and consultation with British National Oil Corporation about its likely needs for funds from NOA over the next few months.

Norfolk competition for rent-free factory

Norfolk small firms can win the use of a new factory rent-free for one year at Bowthorpe employment area in Norwich in the Bowthorpe Enterprise '79 competition. The winner will save £5,228 during that year and will then be able to rent the factory for at least five years and receive free professional marketing advice.

The aim of the competition is to find a firm or individual with a good product idea which, with the help of the prize, will develop into a successful business and create new jobs in the employment area.

The factory is part of a development by Dencora Securities Ltd of Beccles, Suffolk, and measures 3870 sq ft.

The competition is organised by Norwich City Council, Dencora Securities Ltd and the Small Firms Information Serivce. Seen here (left to right) are competition organisers Hugh Morton, Small Firms' Information Service counsellor; Brian Nicholas, Norwich industrial development officer; Jack Haggar, Bowthorpe project manager; and Richard Youngs, managing director of Dencora Securities

Air shuttle fares increase refused

Fare increases applied for by British Airways on the three shuttle routes, London (Heathrow) to Belfast, Edinburgh and Glasgow have been refused, the Civil Aviation Authority announced on 23 March. The one-way fares will remain at £35.00 as opposed to £37.00 applied for by the airline.

While the authority has refused fare increases applied for by British Airways on some other internal routes such as Belfast to Manchester, Glasgow and Birmingham, it has granted from 1 April half the increases applied for on one-way fares between Aberdeen and Kirkwall, Glasgow and Stornaway, and Inverness and Stornaway.

On a wide variety of other routes the authority is allowing the full increases applied for which average 7.5 per cent. They include London to Birmingham, Newcastle and Leeds/Bradford as well as Belfast to Leeds/Bradford and Newcastle.

British Airways' application for a general Apex facility, where the airline would have been able to adjust Apex tariffs freely within a defined band without application to the authority has also been refused. But it has approved instead new Apex fares at specified levels on a variety of internal routes. Examples of new Apex return fares are Aberdeen to Birmingham or London: £47.00; to Manchester £46.00. Birmingham to Edinburgh or Glasgow will be £39.50; to Inverness £53.50; and London (Heathrow) £22.00.

Channel Islands routes Apex fares will be available for travel only from the islands to the mainland and return. All Apex tickets must be purchased a minimum of one month before the date of travel. Return travel may not take place prior to the Sunday following the day of outward travel and tickets will be valid for two months.

The authority has approved fare increases ranging between 7 per cent and 12 per cent applied for by British Island Airways on various routes in their domestic network. Routes affected are mainly to the Channel Islands, Isle of Man and Belfast. As with BA the authority has also refused BIA's application for a general Apex facility to vary Apex fares within a defined band without application.

An application by Loganair for a package of fare increases of 5 per cent to 7.5 per cent and reductions of 11 per cent to 18 per cent on its domestic routes has been granted by the authority.

Rebates for quiet aircraft at SE airports

Landing charges at British Airports Authority (BAA) airports will go up by 6 per cent overall from 1 April, but airlines using quieter aircraft will qualify for rebates. Operators of aircraft which meet internationally-agreed noise certification standards will be granted a rebate of 15 per cent on the weight charge, at Heathrow, Gatwick and Stansted.

This means, for example, that the standard weight charge for a Boeing 707 will go up by £34 from £187 to £221, while for the Airbus A300, the increase will be just £1, from £173 to £174. Peak charges at Gatwick will remain 25 per cent lower than at Heathrow, and at Standsted off-peak rates will now apply all year round.

The charges come into effect following consultation with the airlines, who have also been warned that the BAA will consider widening further the differential between rates for quieter and noisier aircraft in the future.

Liability limits of hovercraft operators increased

A new statutory instrument which affects the liability of hovercraft operators has been approved by parliament and comes into force on 1 April. The Hovercraft (Civil Liability) Order 1979 (SI 1979 No 305, HMSO, 60p), replaces the Hovercraft (Civil Liability) Order 1971 (SI 1971 No 720). The new order increases the limits of liability established by the 1971 order in line with those that now apply under the original maritime or aviation statutes upon which the hovercraft legislation is based or, in the case of liability towards passengers, to offset the effects of inflation. The new order also takes account of relevant legislative changes since 1971.

The limit of liability for death or personal injury to passengers is raised from £12,000 to £30,000 per capita, that for a passenger's hand baggage from £138 to £216; and a separate and additional limit of £216 per passenger is introduced for other baggage. The liability regime and limits applying to the carriage of cargo by hovercraft are based in the new order on the Carriage of Goods by Sea Act 1971, which came into force in mid-1977 superseding the Carriage of Goods by Sea Act 1924. The relevant limits of liability become £434.14 per package or £1.30 per kg of gross weight of goods lost or damaged, whichever is the higher.

The overall ceiling on liability in respect of all claims which may arise from an incident (excepting passenger or baggage claims) in increased from £3.50 per kg to £5.50 per kg of the hovercraft's maximum authorised weight in respect of loss of life or injury to persons outside the hovercraft (either alone or together with property damage) and from £1 per kg to £1.57 per kg in respect of property loss or damage alone.

Shipbuilding and marine industries could save £5m a year

Shipbuilding and marine engineering industries could make an annual saving of £5 million through improved control of space-heating systems and the insulation of building and plant.

This estimate, made in a Department of Industry report published this month, represents an 11 per cent reduction in the consumption of primary energy input by these industries. With an annual fuel supply of about 23 million gigajoules they depend heavily on oil as fuel. Sixty-seven per cent of the energy is used for space-heating and only 33 per cent for process and lighting.

The major opportunities for saving energy include improved control of space-heating sys-

Industrial expansion

Worksop
An advance factory of 1350m² built by the English Industrial Estates Corporation on the Dukeries industrial estate at Worksop has been occupied by Turnatest. The factory will be used for industrial manufacture and assembly of scaled down motor-cycles for children. It is expected to provide employment for 32 people within two years.

Knowsley
Marsh (Vapour Controls), trading as Marvac International, is occupying a 225m² terrace unit built by the English Industrial Estates Corporation on the Knowsley industrial estate in the Merseyside special development area.

Marsh will use the premises for the manufacture of storage tank fittings, valves and pressure measures. The company has been operating in small temporary premises and requires the Knowsley unit as a permanent base to expand production.

Alnwick
Kiwi Helmets (UK) has occupied terrace unit premises of 225 m² built by the English Industrial Estates Corporation for the development commission at Willoburn industrial estate, Alnwick, Northumberland. The newly-formed company will use the premises for the manufacture of motor cycle safety helmets.

Hellaby
Gyro Mining Transport (GMT) has occupied a 900 m² advance factory built on the Department of Industry's Hellaby industrial estate near Rotherham. GMT designs and manufactures personnel and materials handling trains for use in coal mines, both in the United Kingdom and abroad.

Pocklington
A new company, North Wolds Printers has occupied terrace unit premises built by the English Industrial Estates Corporation for the development commission at Estate Road, Pocklington light industrial estate in north Yorkshire. The company has installed two-colour and single-colour litho presses and a mechanised bindery.

Birkenhead
Perry Blouse Manufacturing Co is to occupy further terrace unit premises of 530 m² built by the English Industrial Estates Corporation on the Rock Ferry industrial estate, Birkenhead in the Merseyside special development area. Perry Blouse manufactures women's blouses and light outerwear. It already occupies two terrace units on the estate.

Swansea
A 4500 m² factory which will help to safeguard nearly 100 existing jobs for disabled workers is being built for Remploy at the Welsh Development Agency's Swansea industrial estate. The company plans to expand its operations with the new factory and expects to boost the employment total to 150 in a few years. Remploy manufactures high-quality domestic and contract furniture.

tems, better insulation of process plant and pipework, and regular checks on the efficiency of boilers and furnaces, all of which are considered to have remedies yielding a payback period of the order of one year. The payback period on other major saving measures, such as improving the insulation of buildings and more efficient lighting, is in the region of three to five years.

Price Commission to investigate gas prices

Proposed increases in gas charges are to be investigated by the Price Commission.

The British Gas Corporation has notified intended increases of a weighted average of 8.5 per cent in domestic and industrial gas tariffs, a weighted average of 25 per cent in installation and service charges, and 10 to 35 per cent in miscellaneous charges, which include meter testing fees and appliance rentals. It has also notified increases in the levels at which it will be renewing contracts for the bulk supply of industrial gas. The increases were to have applied from 1 April 1979.

In deciding to investigate, the commission took particular account of the financial target set for the Gas Corporation by the Secretary of State for Energy last December. The commission will therefore be examining to what extent the proposed increases are necessary to achieve the targets or could be reduced by cost savings or other economies.

It will also bear in mind the recent statement of the secretary of state in the House of Commons that the government considered that it would not be sensible for gas prices to fall in real terms for the coming financial year. It will also consult the government if it appears that there is a likelihood that one of the conclusions of the investigation might be a suggestion that the financial target is set too high.

The investigation is due to be completed by 30 June.

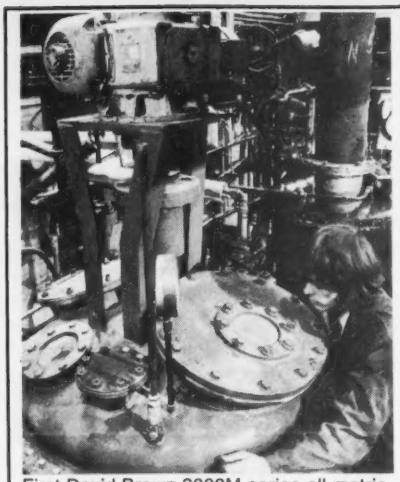
Further interim beer increases

Bass Ltd and Whitbread and Co Ltd have been allowed to make further interim price increases while the Price Commission continues its investigations into the two companies, it was announced on 23 March. The investigations are due to be completed by 21 May in the case of Bass and 23 May in the case of Whitbread.

Foods go metric

More of the main shopping basket foods are going metric. In the next few months, prepacks accounting for about 40 per cent of spending on prescribed quantity foodstuffs will be in metric sizes for the first time. By 1980, about 90 per cent of these foods sold in Britain's shops will be in metric.

Margarine in metric quantities is now starting to appear in the shops. UK margarine manufacturers have given the Metrication Board an assurance that value for money will be maintained during the change to metric sizes.



First David Brown 2000M series all metric Radicon gear unit, employed in stirrer drive application at Borden (UK) Ltd, Pemberton, Wigan.

By 27 August, all prepacked margarine and butter will be sold in metric. Dripping, lard and cooking fats, and solid vegetable oils will follow by 31 December and shredded suet by 29 September 1980.

Metric packs of tea and tea bags are also coming into the shops. By the end of June 1980 all tea and bags will be metric.

Liquor by the litre

The percentage volume system of alcohol strength measurement, announced by the Department of Prices and Consumer Protection on 16 February and legalised in the Alcohol Tables Regulations 1979 is to be used by Customs and Excise in assessing alcoholic liquor duties from 1 January 1980. For revenue purposes only the litre will then replace the gallon and the litre of alcohol will replace the proof gallon. Rates of duty will be expressed in metric terms.

The measure will mainly affect the day-to-day dealings between sectors of the alcoholic liquors industry and Customs and Excise.

The proposed changes are subject to parliamentary approval.

Code for packers and importers

The first draft of the code of practical guidance for packers and importers of goods which will be covered by the new average system has been sent out to trade associations for comment. The goods involved are those packed in closed containers, made up to a predetermined fixed weight or volume and marked with a statement of that weight or volume.

The code, when finalised, will be issued by the Secretary of State for Prices and Consumer Protection and will complement the regulations to be made under the Weights and Measures Bill, at present progressing through parliament. In addition to providing guidance, parts of the code will be given legal status by the regulations.

Those interested who are not represented by trade associations can obtain copies of the draft code by writing to the Department of Prices and Consumer Protection, Room 2822, Millbank Tower, Millbank, London SW1P 4QU or by telephoning Mr Insley on 01-211 5319. Comments on the draft are required by 17 April 1979.

Guidelines for standards committees

Organisations and individuals outside government involved in standards work are being offered a new guide to the art of representing government on committees.

The Department of Prices and Consumer Protection's 'Guidelines for government representatives on standards committees' provides guidance on British and international standards-making committees to ensure that, as far as possible, government's needs are met. These, in the main, arise from the government's responsibility for encouraging the efficiency of trade and industry, facilitating British exports, promoting safety, health, protection of the consumer and environment, and conservation of resources and public purchasing.

The guide includes sections on representation on BSI and international standards committees, reference to standards in legislation, technical requirements of directives of the European communities and government procurement.

Requests for copies to: Mr K. W. Daws, Metrology, Quality Assurance and Standards Division, Department of Prices and Consumer Protection, Room 2814, Millbank Tower, Millbank, London SW1P 4QU, tel. 01-211 7162.

Merger proposals cleared

Secretary of State for Prices and Consumer Protection Roy Hattersley, has decided, on the information at present before him, not to refer the following mergers to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973:

Kwik Save Discount Ltd/CEE-N-Cee Supermarkets Ltd

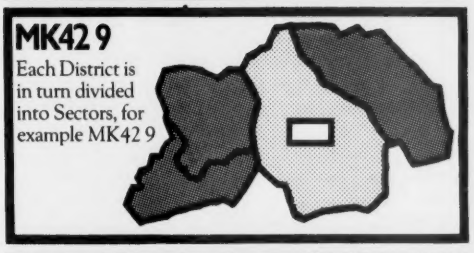
Olympia and York Developments Ltd/English Property Corporation Ltd.

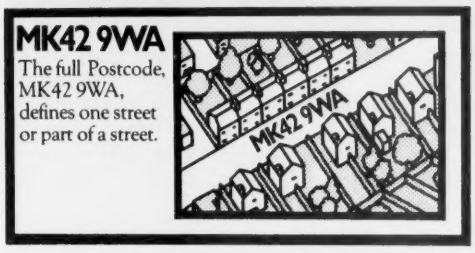
Royal Bank of Canada/Lindshourne Ltd.

Canicula Ltd/Woodhouse Drake and Carey Ltd.

Monopolies investigation

Gordon Borrie, Director General of Fair Trading, has asked the Monopolies and Mergers Commission to investigate the supply in the UK of tampons used for sanitary protection. The director general has asked the commission to report within 18 months.





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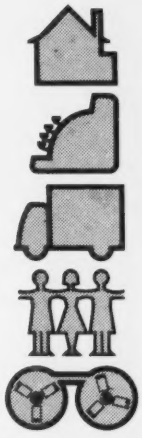

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Technology news

Calibration service looks ahead

Heads of approved British Calibration Service laboratories and their deputies were invited to the National Physical Laboratory on 20 March to express their views on the present and future needs of the service. Also present were members of the Advisory Council on Calibration and Measurement (ACCM) and its technical panel. The symposium was supported by representatives from nearly every approved laboratory and the enthusiasm of members of the service for this kind of discussion was clear.

The discussion concentrated on traceability, service costs and the acceptability and use of the BCS certificate. On traceability, some members expressed concern over the demand from customers, particularly from overseas, for an NPL rather than a BCS certificate. Others were concerned about the problem of possible changes in the values of audit samples caused by transportation between laboratories. Dr Wilson, head of BCS, assured members on the latter point that analysis of audit results over two consecutive four-year periods did not substantiate the concern expressed.

Outlining the position on costs, Dr Wilson forecast that fees would need to be substantially increased in order to meet treasury targets. One proposal aimed at alleviating the effects of such increases was that the annual fee might be payable in quarterly instalments to ease cash-flow problems of smaller companies. Another proposal suggested that the initial cost of laboratory assessment should be borne by government.

Closely connected with the question of costs was that of the acceptability of BCS certificates. Laboratories clearly saw that the path to economic viability for the service lay in the increased acceptance of BCS certificates. It was remarked that, 'laboratories seek BCS approval to avoid exclusion from a large section of the market'.

To this end BCS headquarters will continue to encourage other government organisations, nationalised industries and overseas organisations to accept the BCS certificate and to recognise its value. A standard BCS certificate will be introduced later this year, which should assist both recognition and ready acceptance. Reciprocal agreements with other countries, particularly with the United States, were of great value and will be pursued by BCS.

The quality of the BCS certificate is well established and, while its status is acknowledged in some quarters, the aim is that the BCS certificate should be seen to be accepted by all concerned with metrology in this country. The costs involved in promoting and expanding the service have been underwritten by the Department of Industry's metrology and standards requirements board (MSRB) so that none of this extra cost will fall on existing BCS laboratories.

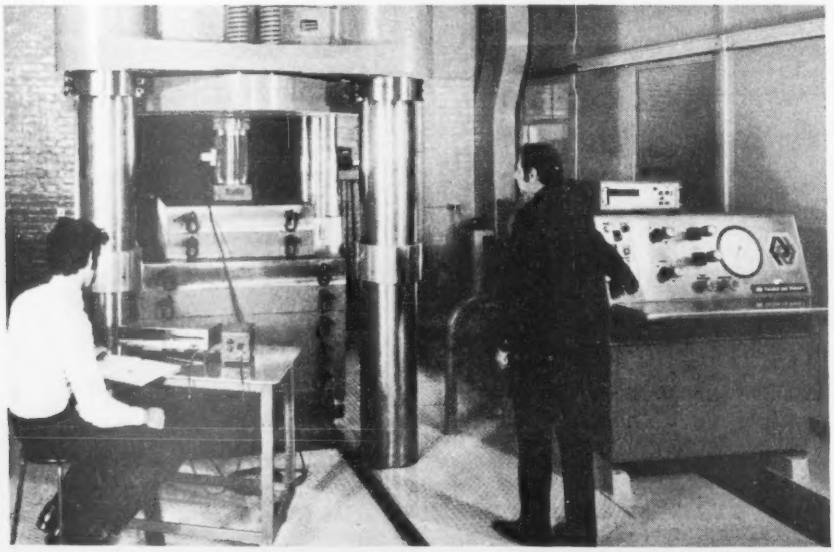
The British Calibration Service

The British Calibration Service (BCS) is an organisation of 83 approved laboratories in industry, universities and government which offer government authenticated calibrations traceable to national standards. The range of measurements cover those essential to manufacturing and process industries in the pursuance of quality, efficiency and safety. BCS certificates are issued for electrical, mechanical, pressure, flow, temperature and optical measurements. The range is being extended to cover radiological calibrations.

BCS headquarters is part of the Department of Industry's National Physical Laboratory, where it is closely allied to relevant R&D on national standards of measurement. Laboratories are approved by BCS headquarters staff only after a rigorous inspection against published criteria. An approved laboratory is authorised to supply calibration certificates bearing the BCS badge.

Further information is available from the British Calibration Service, National Physical Laboratory, Teddington, Middlesex TW11 0LW, tel. 01-977 3222, ext. 3055.

A load cell for use in industry is calibrated on NPL's 30 MN compression force machine.



Advanced coal preparation plant opened

East Side plant at South Kirkby, near Barnsley, the most advanced coal preparation plant in Britain, was opened on 22 March by National Coal Board chairman Sir Derek Ezra. Sir Derek said that with its sophisticated computer control systems which automatically monitored every aspect of the processing operation, the £18 million plant was an example of what could be achieved by applying the best available technology to tailor the product as closely as possible to the exacting needs of energy consumers.

Three computers regulate the plant's operations: one controls all mechanisms; a second stores data about all activities in a memory bank (to provide management with information and records); and the third harmonizes the reception, loading and despatch of merry-go-round trains that run between the plant and its power station customers.

Output from three mines – South Kirkby, Ferrymoor/Riddings Drift, and the new £13 million Kinsley Drift – building up to 2 million tonnes a year by 1981, will be processed by the new plant. Under 'Plan for Coal', 47 new or reconstructed coal preparation plants costing more than £300 million will be commissioned by 1985. More than 14 of these are cleaning coal already or are about to be commissioned, and another 19 are being built. A very large part of the preparation plant programme is to

be concentrated in Yorkshire. By 1985, 17 major plants will have been constructed in the country at a cost of £175 million.

Reducing ash and water contents – among the major contributions of present-day coal preparation technology – benefits customers, who get more energy per tonne. It also increases the board's revenue since one percentage point reduction in ash content raises the value of the coal by 50p a tonne, and a one percentage point moisture reduction yields an additional 35p a tonne. Such improvements in product quality help to keep coal competitive with other fuels.

Many of the techniques being incorporated in new designs – such as deep-cone thickening and dry flocculant dissolving – have been developed by the board's research scientists and engineers at the Mining Research and Development Establishment. With such aids coal washeries can be built that circulate all their water for re-use. Every new plant now being built will not discharge water to rivers.

Computer seminars launched by NCC

'Implementing the privacy legislation', on 11 April, and 'What next in the office?', on 24 April, will begin a series of one-day seminars on a wide range of computing and related topics which the National Computing Centre will be running during 1979-80.

Held at about fortnightly intervals, the seminars will deal with many of the situations, opportunities and urgent problems to be found in computing today. The seminars will be held mainly in London, but some will be held in Manchester and Birmingham.

Each seminar will identify opportunities for beneficial change or a potential problem area, arising from either developments in the technology or changing techniques. The topics have been selected from subjects in which the centre has been involved.

Further information on the seminars is available from Val Cording, The National Computing Centre, Oxford Road, Manchester M1 7ED, tel. 061-228 6333.

Plessey and Marconi join forces for CAA radar replacement

Plessey Radar Ltd and Marconi Radar Systems Ltd have agreed jointly to produce a new L-Band long range radar. This new radar forms the basis of a combined bid to be submitted shortly to meet the UK Civil Aviation Authority's (CAA) radar replacement programme.

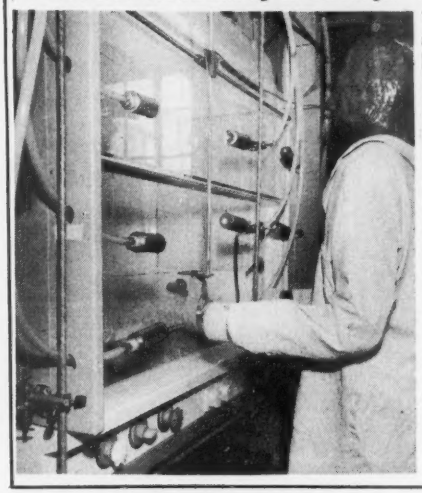
Through the joint resources of these two radar companies the new system will embody the latest developments in radar technology and will be one of the most advanced of its kind in the world. Designed to meet the UK CAA's exacting requirements, it will also provide the UK with a platform from which the future needs of the expanding export market can be met.

The CAA's programme will lead to a number of new radar stations being established to provide optimum radar coverage over southern, eastern, and north-eastern England for en-route, off-route, terminal control area (TMA) and airport use. Combined primary and secondary-surveillance information in digital form will be transmitted to radar display processing systems at the London Air Traffic Control Centre and to the London Airports at Heathrow, Gatwick and Standsted.

LGC tests fume cupboard design

A new experimental laboratory has been established by the Department of Industry's Laboratory of the Government Chemist to test the design of fume cupboards as part of a development programme to improve the design of such equipment in government establishments. This was announced at a symposium on laboratory fume cupboards and ventilated enclosures held in London on 22 March for some 220 delegates from government laboratories and allied organisations.

Tests on an experimental fume cupboard at the LGC use a man-sized moving dummy to show how the presence of an operator affects the performance of the cupboard, with an array of infra-red detectors measuring fume leakage.



The programme is designed to produce an easily-fitted compensating damper and will look the way use affects containment, how the air flow can be improved, and the design of system components. The experience gained from many years of providing help and guidance to outside organisations has enabled the laboratory to cater for a wide range of problems in this development programme.

The reasons for a growing interest by the laboratory and other establishments can be attributed to the recent incidents that have taken place in ventilated and controlled laboratory areas, and a recognition that existing designs should be re-examined to see if they meet the safety criteria of containment; uniform and safe air velocity and safe construction. There is also the probable effect on laboratories of the Health and Safety at Work Etc Act and the work of the British Standards Institute.

Dr Harold Egan, the Government Chemist, said at the symposium that a laboratory was first and foremost a work-place. More particularly it was a work-place for conducting potentially dangerous operations with safety. This applied as much to bench top operations as to potentially violent reactions involving chemical substances. Two factors in recent years have caused his laboratory, with assistance of the government's Property Service Agency, to take a deeper interest in laboratory design, and construction in particular: first the need for a new building for the laboratories dispersal; and secondly the coming into operation of the Health and Safety at Work Act, 1974.

Aircraft fires put out in a tenth of a second

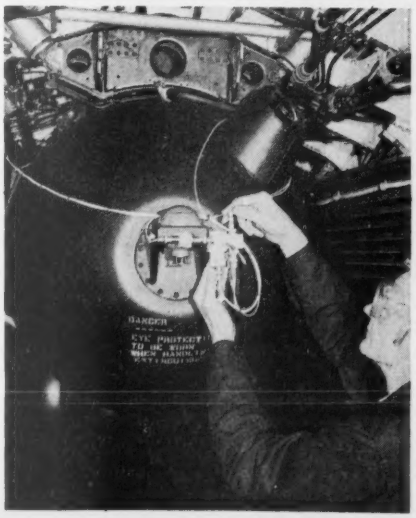
A new fire suppression system for military aircraft operates in only 3 milliseconds – a response several thousand times quicker than that of conventional suppression systems. Developed jointly by Thermal Control Co Ltd and the Royal Aircraft Establishment at Farnborough the system, once actuated, will suppress a fire within 10-15 milliseconds.

Called the Cobra, the basic principle is that the system reacts to the strike of a projectile rather than the presence of excessive temperature. This enables the equipment to act during the incipient stage of a fire, thus preventing it from becoming established.

If a projectile strikes a fuel tank it sets up hydraulic shock waves. These waves are picked up by a pressure sensor in the tank which generates a small electric pulse. The pulse is transmitted through an initiator to the extinguishant bottles which are then actuated and can flood the area surrounding the fuel tanks within 3 milliseconds. The system is self-generating and does not use aircraft supplies or batteries.

Trials are taking place on fixed-wing aircraft and helicopters. The first order has been received from the United States for the system to be installed in the new Chinock helicopter on order for the Royal Air Force.

Cobra aircraft fire suppression system.



Japan's industry bets on technological evolution

John Prentice, counsellor for science and technology at Britain's embassy in Tokyo, toured the UK in February and March telling businessmen of developments in technology and industry in Japan. The role of technology in Japan's industrial strategy is determined by the widely held belief in the need for change and evolution. Products, production techniques, factories, management systems and labour are seen as being subject to change, sometimes very rapidly. The developments described here by Mr Prentice present business opportunities for British industry to sell its technology, both products and knowhow, to Japan.

Japan always has an eye on world markets. Production technology to turn out high-quality goods at a low price can be seen in Japan's new car plants, steel works and factories manufacturing (for example) electronic products and electrical goods.

These new enterprises incorporate the most modern and sophisticated production techniques, including many devised and built by the firms themselves. The steel plants under construction are impressive examples of automatic control. Development of chemical plants goes ahead at maximum speed to improve the quality and price, while continuous effort goes into the refining and development of existing processes.

Japanese R&D concentrated in the past on the continuous development of existing products and production techniques. The success of this policy created a way of thinking, an attitude of mind: 'continuous evolution'. This way of thinking is in full swing today throughout industry.

This approach is illustrated by an example which started about six years ago when the techniques for large-scale integrated circuits were imported from the United States. Today pursuing the tenet of continuous evolution, in this case through intensive R&D into production technology, but also into ever more sophisticated electronics, the Japanese have drawn level and in some cases overtaken the United States.

The Oghishima steel plant of Nippon Kokan is another good illustration of 'continuous evolution'. The techniques and operational methods developed have been combined to produce a straight line integrated iron and steel works which, with 7000 staff, will produce 6 million tonnes per year. It replaced plants which needed 18 000 staff to produce 5.5 million tonnes per year. Throughput of the plant, from raw material to despatch, is computer-controlled. Production line techniques such as rolling and gauging are fully automated.

Total automation

Success breeds success. R&D is continuing with the target of total automation in the major export lines. This widespread dedication to automation, almost regardless of cost, is based on the need to export low-cost, high-quality, reliable goods. Competition from low labour cost countries and industrialised nations is met by introducing automated factories, large scale mass production, in-built inspection and automatic controls.

It is useful to see how Japanese industry built up its present formidable strength. The first priority was to obtain adequate numbers of graduate engineers to provide the administrative and technical capability. The next was the concentration of available effort into agreed areas, backed by a range of government measures. Priority was given to the development of the heavy and chemical industries, followed by key export industries, such as steel, shipbuilding and cars. Factors which contributed to the resultant success were:

- ☐ The channelling of money into these industries through the Japan Development Bank and commercial banks
- ☐ Only selected industries were allowed to import western technology. This was enforced by regulations, foreign exchange controls and import controls
- ☐ Government help via special amortization, tax relief, low interest loans, land use, special laws and tariff barriers
- ☐ Close relations between government and industry to encourage single-minded concentration on exports
- ☐ A stable future framework of taxation allowing manufacturers to plan ahead
- ☐ Debt/equity ratio such that profits for the payment of dividends to shareholders was not a major consideration
- ☐ Workforce willing to collaborate in innovation in production as a way of improving its own standards
- ☐ Determination to achieve high quality and reliability
- ☐ The decision to build for world markets.

Engineers highly valued

For Japan, with virtually no indigenous raw materials, its people are its most valuable commodity. Japan regards technology as the foundation of its prosperity and considers its engineers as its most precious industrial asset. The Japanese definition of 'engineer' covers all people who are applied scientists (eg chemical, electronic, electrical, metallurgical, mechanical, applied physics).

Figures from a survey of the major Japanese manufacturing industries showed engineers having 67 per cent of the board seats. In some of the high technology areas, such as electronics and chemicals, the board members are all engineers. In the Ministry of Science and Technology a third of top officials are engineers, and in its agency for industrial science and technology only one of the top officials is not an engineer.

The attractions of pay, status and good opportunities to reach board level are undoubtedly the reasons for such fierce competition to get into engineering faculties in the universities, and for attracting the best brains in Japan. In Japan there are 601 universities of which 342 are dedicated to science and technology. 13 000 engineers graduated in 1977: this represents 38 per cent of all those graduating in that year. Japanese policy is to produce more engineers. In 1978 two new universities were opened which will be devoted entirely to producing the best quality engineers for industry.

On joining a firm the engineering graduate first spends a period of six months to two years on the production lines to ensure appreciation of the firm's activity in producing good quality goods for sale. The graduate is then moved to other areas with on-the-job training. Training beyond engineering is given for those who have shown a capability or desire for finishing up as board members.

R&D vital

The high technology firms regard expenditure on R&D as vital to their future success. The emphasis in their R&D is on application and on the production of goods for world markets. Considerable effort goes into the quality and performance of goods, the investigation into quality control methods, in-built inspection in production lines, and computer control of process reactions. Government finances R&D projects with industry to ensure future industrial competitiveness and encourage the establishment of new industries.

The whole of the government R&D is overseen by the Science and Technology Agency. It plans, establishes and implements the fundamental policies on science and technology and is responsible for important national projects such as atomic energy, space, marine and life sciences R&D. The Council for Science and Technology is chaired by the Prime Minister and includes senior cabinet ministers and distinguished engineers. This ensures that the national drive for technological advance gets continuous support and attention from the highest authorities in government. The large group of government R&D establishments also provide support for industry.

The Science and Technology Agency will spend £650 million this year on substantial projects in the nuclear energy, space, marine, and aviation fields; and on smaller projects such as a fan jet, remote sensing equipment for both satellites and sea depths, laser technology, and support of the Research Development Corporation of Japan (NERDC). The Agency directly influences the technological development of Japanese industry in two ways: by direct placement of R&D in industry; and by the use of the Ministry of International Trade and Industry's 16 research establishments which work closely with industry on a variety of industrial problems.

The research establishments deal with problems in both products and production and staff from the establishments work in industry and vice versa. In this way a considerable body of experience is built up which can be transferred to other industrial problems. Establishments are aware that the end product has to be sold on the market. The first sign of a change in the level of spending in new areas is seen in expenditure on R & D towards total automation sys-

tems, solar energy and more efficient turbines. These are regarded as areas which have export and improved efficiency prospects.

In pushing hard to develop their own technologies, the Japanese have as their priorities the development of educational systems which produce talented engineers and research workers; co-ordination of R&D activities throughout universities, institutes, government establishments and industry, so that, for example, basic research is done in universities in support of industrial projects; and an increase in the transfer of technology inside Japan, from the high technology areas to the lower technology areas.

Quality and reliability

The effort put into high quality and reliability has been a major factor in the success of Japanese goods abroad. A board member is usually responsible for quality control and quality assurance. A separate quality control unit is independent of the rest of the firm and quality control inspectors belong to this unit. Production lines have in-built inspection as far as possible. In some cases the entire output from the production line is tested.

The design of the product, the in-building of measuring sensors and the critical points in manufacture are worked on by both the production design engineers and the quality control engineers. The schedule of inspection for the product from start to finish is laid down. Each complete item undergoes an operational test. Samples are also taken for cycling, temperature and humidity tests or whatever is appropriate to the product concerned. The final test is for some samples to be broken down completely to see if any defects occur. With bought-in components inspection is sometimes 100 per cent.

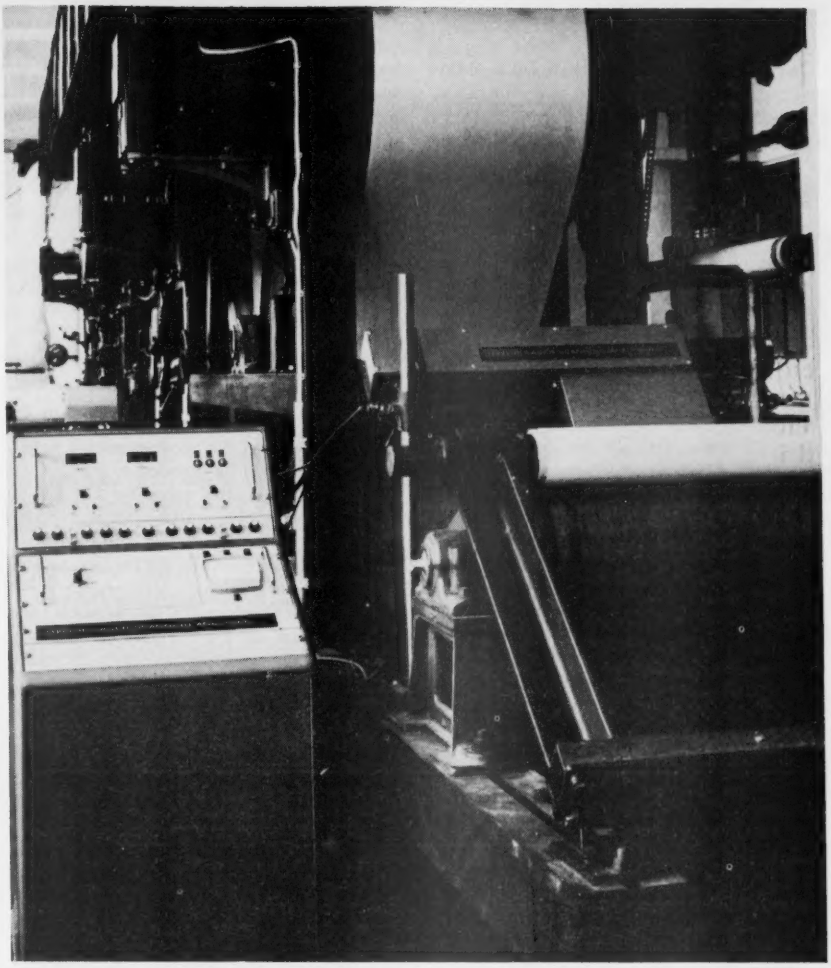
Future developments

Japan's industry in the future will almost certainly operate on the principle of 'continuous evolution'. There will be heavy investment in new production techniques. The goal is total automation of production processes in certain export areas. The plants will operate 24 hours a day, with built-in inspection and quality control. This is supported by government R&D into projects like laser machining, automatic assembly, automatic welding and assembly, and factory built housing. Plants will be developed to machine, weld, heat, treat and assemble such items as a gear box without any human operation. A variety of similar items will be produced by simply changing the computer program. The first operational experimental machine is probably only three to four years away.

Mechanical engineering in one form or another will be around for a very long time. The microprocessor can do the thinking but the machines and sensors must do the work. Robotics and automation are regarded as of equal importance to the microprocessor.

Japan's chemical industry is moving in many areas. Automatic controls will improve quality and output, either by central control rooms or by local microprocessors and new production methods and cheaper ways will be found to make the same chemicals and new products. While there is no sign of any new fibre appearing, there is evidence of a push in the carbon fibre field. Progress is being made in the development of new drugs. Half a dozen firms have been rapidly climbing to the top of the industrial scene based on their successful R&D. Effort is being directed at synthesis of the active ingredients.

In health care and health monitoring, a complete home medical kit is possible. It will monitor very rapidly a whole range of human functions and state of health. Effort is going into new medical equipment of all kinds, from



Japan has proved to be a very successful market for Ferranti's laser scanning analyser which will detect and give instantaneous warning of visible faults in moving sheets of paper, plastics, textiles, glass and metals.

Japan's R&D effort

Japan accounts for about 10 per cent of the western world's R&D expenditure. The output of scientific/technological papers in Japan last year was over 1 million, roughly 10 per cent of the world's output. The total Japanese R&D spend in natural science (ie science, engineering, medicine and agriculture) for 1976 was about £8,000 million. This was a 12.2 per cent increase over 1975, which itself was a 23 per cent increase over 1974. The rate of increase appears to be flattening out. The 'real' spend is now roughly stationary. The estimates for 1978 are of the order of £9,000 million.

The number of people employed in R&D in natural science in 1976 was 523 000; the number of university graduates with two year's R&D experience was 260 000. Of this total those directly employed in industry number 382 000, although a number of institutes, etc, are also engaged in work valuable to industry. The total number of people employed in all kinds of R&D was 654 000.

Of the estimated 1978 R&D spend of £9,000 million, the amount spent in industry would be £5,400 million; £1,440 million in research institutes and £2,160 million in universities. Government support varied from 8 per cent to 52 per cent in the firms' R&D costs. Basic research gets about 20 per cent and applied research 80 per cent. The amount of basic R&D in industry is declining.

There are 83 government R&D establishments. The largest and most important group are the 16 establishments of the Ministry of International Trade and Industry which are directly involved with the problems of industry. Universities also have 24 attached research institutes which carry out applied research on problems of interest to industry.

In addition there are the laboratories and establishments of national agencies dealing with atomic energy, marine science and technology and space, which are directly funded by the government; and the laboratories of the public corporations such as Japan National Railways, the Telegraph and Telephone Co, and the National Broadcasting Co.

whole body scanners to automatic analysis units.

In the field of combustion there will be fluidised bed furnaces, making use of a wide range of imported coals. Work on oil from coal suggests the development of very large plants to produce for export. Work has started on developing a combined steam/fuel turbine. The development of new marine propulsion systems will continue.

Electrical machinery, in particular superconductivity equipment, including development of near zero degrees absolute materials, will lead to much more efficient electric power and operational equipment. There will be new forms and types of high precision electric motors (eg stepping motors for use in automation, and for direct drive motors). In micromotors for use with miniature printers and recorders a whole new field may be developing. The development of new batteries and types of battery will probably be for electric vehicles, and for personal electronic equipment involving the even smaller, thinner, paper electrode, paper electrolyte batteries.

Electronics

In electronics, the 1 million component chip could arrive but, for factory or office use, the Josephson effect may be first, making the current very large scale integrated circuits for these areas obsolete. One minute of operation of a big Josephson device will require several man years of programming. These developments may make it possible to try all possible solutions to problems.

Electronic equipment is already appearing for home teaching, home games and sophisticated toys extending the existing radio control systems to a variety of operations. In the home the central processing unit controlling the entire range of data extraction and retrieval, the control of washing, cooking, security, services monitoring and computer storage will be built into the house. In personal terms it will mean pocket or wristwatch tvs, personal communicators, wallet calculators with storage capacity, bio-rhythm monitors, an 'unbreakable' identification system, automatic recognition of finger prints or voice. In the office the goal is to get rid of the paper work with automatic voice processors and facsimile reproducers. The future office computer will accept verbal data, store and produce solid state memories for record or delivery to the addressee.

The industrial application of electronics derives from the microprocessor's ability to calculate, learn, control and warn management if systems start to go wrong. Inherent in the new systems will be the ability to check and note faults; and then to use alternate circuits or warn of malfunction. To do all of this requires sensors which will have to measure distances, accurately in moving systems using fringe, interference and diffraction patterns; in chemical plants, for example, gas analysis, gas mixture ratios, temperatures in flow streams, turbulence and spectrum analysis; and compare welded joints with standard welds and hardness tests with standard hardness samples.

The Japanese space programme is aimed at developing satellites for communications, data collection from abroad, weather surveillance, the Pacific fishing fleets' communications with Japan, navigation, and tv broadcasts to the whole of south-east Asia. Propulsion and rocket development is probably more an urge to 'keep up with the Joneses', but there is a developing ability to build large rockets for geostationary satellites and to produce the telemetry and radar and microwave communications systems for their operation. In jet engines the R&D is for a cheap jet engine.

In the transport field, the government may pay for the building of 40 km of magnetic levitation high-speed train track. One hedge against the 'oil-less future' is the dualmode bus, and the first system is to be built in Hiroshima. In cars there will be sensors for fuel ratios at varying speeds and feedback systems for the exhaust gases, etc.

Energy

In nuclear energy, the programme for light water reactors will be pursued to give 33 000 MW of installed capacity. The fast breeder reactor will be pursued through operation of experimental reactors and development of prototype reactors. R&D will continue into a multi-purpose, high-temperature gas-cooled reactor for industrial use. There is collaboration with the United States on fast breeder reactors and nuclear fusion. A new plasma tester of the tokamak type is the second stage of R&D effort in the nuclear fusion. Development of other plasma containment systems is also taking place. More effort will go into nuclear powered ships based on the *Matsu*.

The exploration for oil and gas will be as fast as possible. A great deal of imported Chinese oil is in heavy crudes, and new refining plants are being built to cope with these. In addition, collaborative efforts will be made to extract oil from oil shales and oil sands.

In the area of novel energy sources, the supply of hot water from solar panels has already been installed in over 2 million homes and is growing fast. The price has dropped by 50 per cent in two years, and this trend will continue with a major reduction in cell price. Geothermal energy will become a very valuable energy source; the operation of two experimental stations is providing data for large power stations. Development of wave power, biological and wind power will continue; and significant effort will go into heat conservation and waste heat techniques.

Agriculture and food

The future of agriculture and the food industry is more difficult to forecast. The 200-mile limits have forced a change of policy here and the 120 000 km² of sea adjoining Japan less than 30 m deep will be surveyed for possible fish breeding areas. This, it is hoped, will help to make up the deficit in fish tonnage. Some work has already been done on the breeding of the yellow-tail, and this will continue. The fresh water fisheries will also continue to be developed. The new food industries will cover a wide front, in particular those that produce protein in a palatable form to counteract the shortfall in fish tonnage estimated to be nearly 2 million tonnes/year.

One noticeable trend is that the younger generation is 'going off' sake or rice wine and prefers spirit-type drinks. The main producers are spending a great deal of money in R&D to produce acceptable spirit-like drinks. The first of these at 70° proof spirit, with a very acceptable flavour, is already on the market. Some of the 'vodka' types and liqueurs in the experimental stage are, to some testers, as acceptable as any now on the market. The cost will be very competitive with whisky through large-scale production.

More about Japan

Overseas Technical Information Unit

The Department of Industry's Overseas Technical Information Unit is the focal point for the department's links with the science and technology counsellors at overseas embassies. There are science and technology sections at Britain's embassies in Paris, Bonn, Moscow, Tokyo and Washington.

Counsellors, who have a science or technology background, monitor, evaluate and report on the technological scene in the host country. They are concerned with technological developments and innovations likely to affect UK industry, technological barriers to trade, developments in the host government's support for technology and with opportunities for bilateral co-operation involving firms, research associations and government research establishments.

The information unit disseminates within the UK information received from the counsellors. It provides a channel whereby industrial companies and other organisations may obtain this information either to supplement the users own information sources or to keep it informed of developments in industrial areas other than its own specialist field.

Inquiries: Overseas Technical Information Unit, Department of Industry, Room 733, Abell House, John Islip Street, London SW1P 4LN, tel. 01-211 6812/3500.

Exports to Japan Unit

The Exports to Japan Unit of the British Overseas Trade Board is staffed by people who have first-hand knowledge of Japan and of the organisation of its industry and commerce. By working closely with the commercial department of the British embassy in Tokyo and maintaining contacts with the Japanese business community in London, the unit monitors business conditions and shifts in the Japanese economy.

British industry is notified of business opportunities in Japan by the unit. Seminars are organised in the UK on aspects of trading with Japan. The unit will, if asked, give presentations to the directors of individual companies. Informal discussions with the unit's staff prior to visiting Japan can provide much useful information.

The unit co-ordinates an export promotion programme of missions and exhibitions in Japan. This includes the recruitment, in co-operation with a sponsoring trade association, of participants for the 10 major exhibitions held annually at the British Export Marketing Centre in Tokyo.

Inquiries: Exports to Japan Unit, British Overseas Trade Board, Hillgate House, 26 Old Bailey, London EC4M 7HV, tel. 01-248 5757 ext. 7162/232.

New products

Freepost reader service

For further information on items in this section, circle the corresponding number on the reader services page near the end of the magazine.

Machining centre incorporates latest developments

A three-axis computer numerical controlled (CNC) machining centre with full contouring capabilities, the Maxicentre V50, incorporates the latest technical developments – microprocessors, dc motors, ballscrew drives, wide speed range, clutchless gearbox, and speed and accuracy of positioning. Constructed to the standards and disciplines normally associated with grinding, it is a new vertical machining centre introduced by TI Matrix Ltd.

Maxicentre is a production unit for small batch production in aerospace subcontracting industries as well as for highly engineered, low labour, high-volume industries where batteries of NC machines, including machining centres, can be controlled from a central computer with intermediate mini-computers on the shop floor.

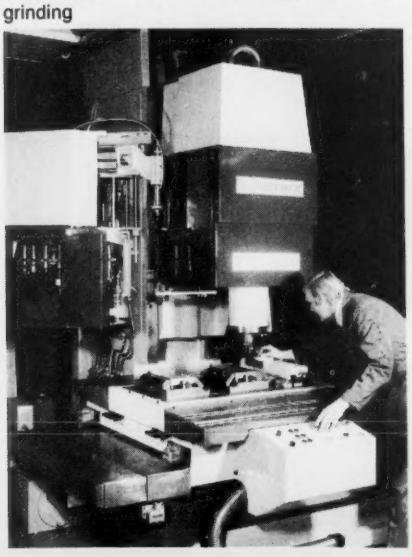
It has a speed range of 50 to 4000 rpm, rapid traverse rates on all three axes up to 10 m/min, constant 11.3 kW transmitted down to 142 rpm and extremely rigid spindle head and table travel alignments. These conditions permit all current metal cutting practices within a machining capacity of 1000 by 500 by 600 mm on the x, y and z axes respectively. Metal removal rates can be 200 cm^3/min when milling cast iron as well as drilling and tapping steels up to 50 mm in diameter.

The V50 is supplied in manual tool mode or with a 30-tool magazine for automatic tool changing from tape commands. The proprietary control system options are the GE 1050 MCL or Siemens Fanuc 5M; both are well proven and accepted by industry. A pendant provides for instinctive fingertip control.

The simplified tape programme provides for simultaneous three axis positioning to two axis contouring with a rotary motion of the spindle. It can be programmed in inch or metric mode. Features include: full part programme storage with editing to combine theoretical planning with practical machining for greater productivity; manual data input and on-the-job part proving: sub-routines to simplify manual programming; dry-run mode;programme control and machine faults can be automatically diagnosed and displayed. Tape punch interfacing enables the memorised modified part programme to be punched out on to a new tape ready for the next time the batch repeats.

Further information: circle 368

Constructed to the standards associated with grinding



Data processing viable for small companies

Modular Business Systems Ltd has developed what it claims is the first in a new generation of microcomputers for smaller companies who will now be able to operate their own viable data processing, accounting and automation facilities. Based entirely on microprocessor technology, the system provides mass storage on single-sided double-density floppy disks, banked in combinations of up to eight, to provide a maximum storage capacity of 4 megabytes.

Employing a unique upward-expanding principle, the basic single terminal, single visual display and line printer and single 8-bit or 16-bit Intel 8086 central processor system can be extended to provide multi-access through up to four remote stations to several multiprocessors, which may be interlinked. In 16-bit installations as many as 16 terminals can be accommodated with access times up to 10 times faster than with a conventional 8-bit processor.

Principal market area is the smaller company which needs individual interactive computing facilities and automated comprehensive accounting. Software packages are totally designed to meet the customer's requirements: utilising the same principle that a tailor-made system that is readily expandable by modular increments, is the most effective and economic method of keeping costs within reach of the primary market.

Further information: circle 369

Communications store plugs in to existing terminals

A microprocessor-based storage system for the communications industry can be plugged into any terminal without requiring an external controller. The equipment is thus particularly suitable for providing additional facilities at existing terminals, states the maker, Sintrom Electronics Ltd. The Perex Perifile 6041 Mk II uses standard 6 mm four-track magnetic tape providing a total storage capacity of 1.8 mega bytes, the equivalent of 18 reels of paper in conventional storage systems. Facilities are provided to prevent over-writing of data.

File data are stored in standard 512-byte blocks and the equipment can search up to 100 files per track. Serial operation of the system can be under manual or remote control; parallel operation is under front-panel control only.

Accuracy of data is ensured by a 'read after write' facility which means that four attempts are made automatically to correct data during their insertion; if the error persists, a warning appears on the front panel. The same procedure applies to the presentation of data from a cartridge.

The unit can be operated over its V 24 compatible serial interface at various speeds and word lengths; a current loop interface is also provided. In the parallel mode, the equipment is transistor-transistor logic compatible and capable of speeds of 20 000 bits/s or 2500 bytes/s.

Further information: circle 370

Computing facility for the small firm with drop-in interfaces for control of industrial processes.

New publications

Introduction to exchange control

Breach of the exchange control regulations is a matter for the criminal law. The regulations are complex and voluminous, so it is most important that those dealing with the movement of goods and services or receipts and payments from one country to another are aware of the general rules. 'Tolley's exchange control' is an introductory work – it covers a mere 43 pages – and is aimed at finance directors, accountants and company secretaries. For those who want it, a fuller account of the regulations may be found in Anthony Parker's 'Exchange control' (3rd ed. Jordans, 1978) or the Bank of England 'United Kingdom exchange control manual'.

Despite brevity coverage is fairly wide, including most aspects of the subject. The general legal and administrative framework is described and the scope of the regulations defined. There are also definitions of some of the most important factors in exchange control including residence, sterling and foreign currency accounts. Regulations concerning UK residents on foreign currency securities and investment in overseas countries are explained and there are sections dealing with transactions and investment in UK companies. Also included are sections dealing with exports and imports, the acquisition of foreign property, emigration by UK residents, the exemptions allowed to foreign nationals resident in the UK and exchange control regulations affecting trusts. Personal dealings on such items as cash gifts, loans and foreign travel are also looked at.

Written in terms the non-lawyer should understand this introductory guide to a complex subject will prove useful to those not requiring a more extended treatment.

Tolley's exchange control, by Halmer Hudson. Tolley, 1978, vii, 43 pages; paperback, £3.50. (ISBN 0 510 49370 X).

European company law – what's new?

The range of business contacts between this country and the continent, which have grown so rapidly in recent years, has raised a variety of legal problems for participants. The contacts, which take the form not only of various trading arrangements, but also of close relationships with continental companies and institutions can only, of course, prosper if the company law in question is adequately understood.

A useful aid in that direction is the new edition of Dr Meinhardt's manual on company law in Europe.

The number of countries covered has been increased – from 11 in the first edition to 15 or more in the latest. As before, looseleaf format is used to allow for updating, but there will now be several binders rather than just one. Volume one, which has just been sent for review, covers 10 west European countries including Austria, France, Germany and Italy. Subsequent volumes have been planned to cover other countries including Belgium, Great Britain, Iceland and Norway.

For every country the subject matter is arranged under the same keywords and headings, and the manual includes brief summaries of company law with reference to the statutory texts containing the law. But the new edition has gone one stage better, by providing references to exact sections of enactments, rather than referring only to enactments as a whole – a feature of particular benefit where the statutory text is a lengthy one.

Dr Meinhardt places particular emphasis on the public and private limited company, and corresponding continental types, and his new edition reflects the substantial changes in company law in several countries (to 1 January 1978, through with references to later enactments in some cases) since the first edition appeared in 1975.

Company law in Europe, by P. Meinhardt, 2nd edition. Gower Press. 1978. 522 pages; ringbound £27.50 (ISBN 0 566 02099 8).

Industrial relations compared

A comparability study of the structure and functions of industrial relations institutions and procedures in France, the Federal Republic of Germany and Great Britain has been produced by the Department of Employment. Copies of the report 'Industrial democracy and industrial control in West Germany, France and Great Britain', may be obtained free of charge from Department of Employment, Research and Planning Division, Steel House, 11 Tothill Street, London SW1H 9LN.

Employment and the law

Since enactment of the Contracts of Employment Act in 1963, there has been a series of protective laws relating to the rights of individual employees in their employment and the legal obligations of employers. Much of this law has now been consolidated by the Employment Protection (Consolidation) Act 1978 (chapter 44). And, in his recent work 'Employment protection legislation', Robert Upex has attempted to provide lawyers, and union officials with an explanatory guide to the subject.

The Employment Protection Act is reproduced in full with detailed definitions and explanations for each section, including the derivation of the section, references to definition sections, general notes, and references to other sections and legislation. Related cases, statutes and statutory instruments are also provided in tables. Most aspects of relevant employment legislation are covered, with the exception of the Equal Pay Act 1970, the Sex Discrimination Act 1975 and the Race Relations Act 1976.

This annotated style for legal works is of course by no means new – a similar, more general service is already provided by the 'Current law statutes annotated' (published by Sweet and Maxwell) which provides annotated versions of all acts passed that year. But as yet few commentaries have been published on this recent legislation and so the present volume should prove a useful tool for those who are regularly concerned with the subject.

Employment protection legislation, by R. V. Upex, Oyez Publishing Ltd, 1978. xlix, 249 pages: £16.00 (ISBN 0 85120 389 2)

Advertising law in practice

Rules and regulations affecting the advertising industry are many and varied nowadays, so publication of a new and extensive survey of advertising law is welcome.

It's author, Dr Lawson of the University of Southampton's faculty of law, has produced this guide with advertisers and agencies, rather than the legal profession, in mind and it is arranged by topics such as 'sales promotion', 'trade description', and 'outdoor advertising' rather than more formally by specific branches of law. This strictly practical approach should make it particularly helpful to those in a 'live' rather than academic environment.

However, the book should also be of value to those studying advertising law and marketing, and to those involved with trading standards. There is plenty of detail in the text and even more in the many footnotes referring to case law and statutory provisions. Tables of cases, statutes and statutory instruments, are included as well as appendices which include the text of the current code of advertising standards drawn up by the Independent Broadcasting Authority, and regulations relating to the fibre content of textiles and the labelling of food.

Advertising law, by R. G. Lawson. Macdonald and Evans. 1978. xxxiv, 366 pages. £8.75. (ISBN 0 7121 1239 1).

Statistical News

This quarterly publication, prepared by the Central Statistical Office, is designed to keep the user of statistics in touch with all that is going on in the world of official statistics. Each issue contains notes on current developments as well as several articles treating selected topics in greater depth. A list of new surveys reported to the CSO's survey control unit is also included.

Price 85p, annual subscription including postage £3.88. from HMSO, PO Box 569, London SE1 9NH ISSN 0017-3630

Parliament

Monday, 19 March

Import of domestic appliances

Renée Short (Wolverhampton North East) asked the Secretary of State for Trade what action he intended to take to curb the import penetration of washing machines and other domestic appliances as recommended in the fourth Industrial Strategy report to the National Economic Development Council by a working party of the domestic appliances industry.

Mr Meacher said that the fourth report to the National Economic Development Council by the domestic electrical appliances sector working party made no specific recommendation that the government should curb import penetration of washing machines and other domestic appliances, but there was some disquiet expressed on the openness of the UK market by comparison with that of some of its export markets, though there was no mention of import controls or import penetration ceilings. It recommended however certain changes to the market entry guarantee scheme, and these would be considered by the British Overseas Trade Board when it reviewed the first two years working of the scheme in the autumn.

Cars from Japan

Renée Short (Wolverhampton North East) asked the Secretary of State for Trade if he would refuse to allow Daihatsu Motors to import its new Charade model into the United Kingdom until the Japanese were seen to be putting into practice promises they had made and were again currently making about balancing trade with the United Kingdom.

Mr Meacher said that so long as the Japanese kept to the inter-industry understanding on the overall level of car exports to the UK, the make-up of this total was a matter for them. The Japanese automobile manufacturers' association had undertaken to pursue its exports in a prudent manner, and it appeared to be adhering closely to this.

Segregated ballast tanks

Jo Grimond (Orkney and Zetland) asked the Secretary of State for Trade whether it was the government's policy that all tankers should be fitted with segregated ballast tanks and whether all new tankers were now fitted with segregated ballast tanks.

Mr Clinton Davis said that segregated ballast tanks were one means of reducing operational pollution by oil tankers. There were, however, practical and economic difficulties in the way of converting existing tankers. The UK therefore supported the phased introduction of segregated ballast tanks on the timetable laid down in the international convention for the prevention of pollution from ships 1973 and the 1978 protocol, which were not, however, yet in force.

These arrangements would require all new crude oil tankers over 20 000 tons deadweight and all new product tankers over 30 000 tons deadweight to be fitted with segregated ballast tanks.

In the case of crude-oil tankers, crude-oil washing had been accepted as an alternative means of reducing operational pollution. The agreements therefore laid down a phased, four-year programme within which existing crude-oil tankers of over 40 000 tons deadweight had to be fitted with crude-oil washing or with segregated ballast tanks. In the case of product tankers, there was no comparable alternative means of reducing pollution: existing product tankers of over 40 000 tons deadweight would, therefore, have to be fitted with segregated ballast tanks within that period.

The merchant shipping bill currently before the house contained the powers necessary for the UK to ratify and implement these agreements.

Trade with the Warsaw pact countries

Maurice Macmillan (Farnham) asked the Secretary of State for Trade if he would list for each of the years 1960, 1965, 1970, 1975, and 1978, a the percentage of exports in goods from Great Britain destined for Warsaw pact countries, by volume and value, carried by British, Soviet, Polish and East German ships, respectively, b the percentage of imports in goods originating in Warsaw pact countries, by volume and value, carried by British, Soviet, Polish and East German ships, respectively, c the percentage of British exports in goods, by volume and value, to non-Warsaw pact countries carried by British, Soviet, Polish and East German ships, respectively, and d the percentage of British imports of goods, by volume and value, from non-Warsaw pact countries, carried by British, Soviet, Polish and East German ships, respectively.

Mr Clinton Davis said that information for 1960, 1965 and 1970 was not available. The figures for 1975 and 1978 were as shown in the table.

SEABORNE TRADE WITH WARSAW PACT COUNTRIES

Per cent

	Flag of carriage			
	UK	USSR	Poland	East Germany
UK seaborne exports to Warsaw pact countries by weight				
1975	20	27	20	5
1978	10	27	10	5
UK seaborne exports to Warsaw pact countries by value				
1975	34	27	19	7
1978	28	36	14	4
UK seaborne imports from Warsaw pact countries by weight				
1975	22	40	9	4
1978	12	55	7	2
UK seaborne imports from Warsaw pact countries by value				
1975	20	34	11	9
1978	18	39	9	10
UK seaborne exports to non-Warsaw pact countries by weight				
1975	46	—	—	—
1978	37	1	—	—
UK seaborne exports to non-Warsaw pact countries by value				
1975	52	—	—	—
1978	45	1	—	—
UK seaborne imports from non-Warsaw pact countries by weight				
1975	31	1	—	—
1978	31	1	—	—
UK seaborne imports from non-Warsaw pact countries by value				
1975	40	1	—	—
1978	42	1	—	—

— Less than 0.5 per cent.

Maurice Macmillan (Farnham) asked the Secretary of State for Trade if he would list the balance of visible and invisible trade between Great Britain and each of the Warsaw pact countries for 1960, 1965, 1970, 1972, 1974, 1976 and 1978 and the percentage change in the real value of total visible and invisible trade between Great Britain and each of these countries between each of these years and the percentage change over the period.

Mr Meacher replied that estimates of invisible trade and of visible trade at constant prices with individual countries were not available. Crude balance of visible trade at current prices (exports valued fob minus imports valued cif) were given in the table.

£ million, Overseas Trade Statistics basis

Country	1960	1965	1970	1972	1974	1976	1978
Soviet Union	−24.0	−71.4	−108.1	−128.4	−277.8	−403.6	−265.1
German Democratic Republic	+2.1	−3.8	+0.9	−6.7	−5.0	−15.3	−40.9
Poland	−21.0	−23.1	−1.9	+4.9	+29.6	+37.3	+53.7
Czechoslovakia	−2.3	−2.8	−3.2	−8.5	−10.3	−10.0	−12.3
Hungary	+0.2	+0.9	+8.2	+11.1	+17.6	+19.1	+22.0
Romania	+0.4	−1.5	+5.9	+13.5	−0.2	−0.5	+23.2
Bulgaria	+0.6	−1.5	+2.8	+2.5	+4.5	+11.8	+11.5

Ministers

Department of Industry

Secretary of State: Eric Varley
Ministers of State: Alan Williams
Gerald Kaufman
Parliamentary Under-Secretary of State: Leslie Huckfield

Department of Trade

Secretary of State: John Smith
Parliamentary Under-Secretaries of State: Michael Meacher
Stanley Clinton Davis

Department of Prices and Consumer Protection

Secretary of State: Roy Hattersley
Minister of State: John Fraser
Parliamentary Under-Secretary of State: Robert Maclennan

Dumping of kraft and test liner paper

Renée Short (Wolverhampton North East) asked the Secretary of State for Trade what action he was taking in the face of increased kraft liner and test liner paper dumping by American paper manufacturers.

Mr Meacher said that council regulation (EEC) 2133/78, 8 September 1978, imposed a definitive anti-dumping duty on kraft liner paper and board originating in the United States. The anti-dumping duty imposed was the amount by which any export price to the EEC was below the fair market price established in the regulation. Therefore no imports were entering below the established fair market price. If UK producers had fresh evidence on the basis of which they wished the current anti-dumping duty to be revised, they should approach the Department of Trade as soon as possible with details. Test liner paper was not currently imported from the United States, as far as he was aware.

Airport passenger increases

Hugh Jenkins (Wandsworth, Putney) asked the Secretary of State for Trade what were the relative increases in air traffic at Heathrow and Stansted comparing 1977 with 1978.

Mr Clinton Davis replied that the relative increase in terminal passengers in 1978, compared with 1977, was 13.3 per cent at Heathrow and 5.9 per cent at Stansted; the corresponding figures for air transport movements were 10.6 per cent and 4.0 per cent.

Textile tariffs

Nicholas Winterton (Macclesfield) asked the Secretary of State for Trade how much higher the United States tariff against EEC textile exports was as compared with the EEC tariff rate.

Mr Smith said the EEC commission had estimated the average United States tariff against imports of textiles from the EEC to be about 19 per cent, and the average EEC tariff against imports of textiles from the United States to be about 13 per cent. On this basis, the United States tariff was on average about 6 percentage points greater than the EEC tariff. These averages had been calculated on a trade-weighted basis, using 1976 trade volumes; equivalent data for later years was not available.

Mr Winterton asked the Secretary of State for Trade if he considered the offers made by Japan, Canada, Australia, New Zealand and South Africa to reduce tariffs on textiles to be adequate.

Mr Smith said the offers of New Zealand, Australia, Canada and South Africa on textile and other industrial tariffs needed to be considered in the light of the value of the community's offer on primary and resource-based products in which these countries were chiefly interested. This evaluation could not be made at present while negotiations with these countries were still continuing.

Japan had offered reductions in many of the bound tariff rates which she was entitled to charge, under rules of the General agreement on tariff and trade, on textile imports. The value of this to UK exporters was, however, limited by the extent to

which Japan had reduced its textile tariff rates to below bound levels on a unilateral basis since the Kennedy round tariff negotiations.

Mr Winterton asked the Secretary of State for Trade what representations he had received from the British Textile Confederation concerning the present Tokyo round negotiations relating to textiles.

Mr Smith said the British Textile Confederation had represented to him that the EEC should withdraw its offer of reductions on its textile tariffs, while continuing its efforts to obtain a worthwhile reduction in the United State's wool cloth duty, as part of the final package on industrial tariffs.

Mr Winterton asked the Secretary of State for Trade if he considered the latest offers by the United States under the General Agreement on Tariffs and Trade Tokyo round and the concessions demanded from the EEC, represented a fair balance of opportunity for the United Kingdom textile industry.

Mr Smith said he had only recently received, from the EEC commission, information on the latest United States' offers and proposed EEC concessions on textile tariffs. He was carefully evaluating these proposals, in consultation with representatives of the textile industry. He would not wish to form a view about the balance of opportunity offered by the proposals, or the adequacy of the United States' offers, until his consultations had been completed. Any further representations he made about the United States offers had to depend on the outcome of the study and consultation which he had urgently in hand.

Export of goods to the USSR

Peter Blaker (Blackpool South) asked the Secretary of State for Trade why it was the policy of the government that larger official subsidies should be available for the export of capital goods to the Soviet Union than to other countries.

Mr Smith said that if the UK's capital goods manufacturers had to compete effectively for export business in this market it was essential that ECGD should be able to support finance at interest rates comparable to those offered by major competitors overseas. The present arrangements under the Anglo-Soviet agreement were designed to meet such competition.

Rolls-Royce US facility

Phillip Whitehead (Derby North) asked the Secretary of State for Industry what information he had received from the National Enterprise Board on the decision of Rolls-Royce to launch a product support factory in the United States of America.

Mr Huckfield said that the NEB had informed the department that it received a proposal from Rolls-Royce on 15 March relating to a product support facility in the United States which the board was now considering.

Meriden interest payments

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Industry a number of questions on whether the government had agreed to waive or defer interest payments of £1,255,911 due to be paid by the Meriden Co-operative on 30 June.

Mr Huckfield replied that Meriden had asked the secretary of state to waive the payment of the interest due on 30 June and its request was being considered. The secretary of state would take account of the advice of the industrial development advisory board. Neither a waiver nor a deferment of the payment of this interest would require the authorisation of the house under section 8(8) of the Industry Act 1972 but the house would be informed of the decision on the company's request.

BAe 146 and A310

Norman Tebbit (Waltham Forest, Chingford) asked the Secretary of State for Industry what estimates he made of prospective losses on the BAe 146 and A310 programmes.

Mr Huckfield replied that his department had made many estimates based on a range of assumptions about the number of sales, prices, costs, exchange rates and other relevant factors. The government took these estimates into account, together with all relevant wider considerations when backing British Aerospace's commercial judgment on the two projects.

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Industry whether the European commission had approved the government aid to be given to launch the British Aerospace 146 feeder airliner.

Mr Huckfield said that since no government aid was being given to the launch of the BAe 146, the question of commission approval did not arise.

Post Office loans

John Cockcroft (Nantwich) asked the Secretary of State for Industry what loans he had authorised for the Post Office in 1978, what loans had been repaid by the Post Office Corporation in 1978, and what loans he had authorised for the Post Office Corporation in 1979.

Mr Huckfield replied that in 1978 the secretary of state had authorised two new loans from the national loan fund totalling £116 million (£112 million to offset premature repayment of foreign loans and £4 million to aid the financial reconstruction of Girobank).

In the calendar year 1978 the Post Office had repaid loans totalling £286.4 million as follows:

LOAN CAPITAL REPAID £m

	On maturity	Prematurely
NLF	38.6	50.0
Foreign	44.3	153.5

No loans had been authorised so far in 1979.

ICL repayments

Nicholas Ridley (Cirencester and Tewkesbury) asked the Secretary of State for Industry if he would set out the conditions whereby the £40 million development aid paid to International Computers Ltd between 1972 and 1976 was to be paid back to the exchequer, and if, and when, he expected repayment to start.

Mr Huckfield said that the agreement under which the aid was given provided for the company to make repayments to the government if, in any of the seven company years ending 30 September 1984, the pre-tax profit, after certain adjustment, exceeded 7½ per cent of the turnover. In the first of the seven years, ending 30 September 1978, the pre-tax profit had not reached this level and so no repayment was due.

With a formula of this kind it was not possible to forecast accurately what repayment would be made under the agreement in any given year, but the company's financial plans and their implications for repayment were kept under review by the department.

Microelectronic projects

Albert Roberts (Normanton) asked the Secretary of State for Industry what account he was taking in his policy of support for the National Enterprise Board and the Inmos project and the recently announced investment plans of the General Electric Corporation/Fairchild at Neston which involved the construction of a new integrated circuit manufacturing plant on Merseyside and elsewhere.

Mr Huckfield said the government's policy towards the NEB and Inmos remained unchanged. The GEC/Fairchild and the Inmos projects were both aimed at creating a UK, high-volume, microelectronics manufacturing capability and were in line with the government's Industrial Strategy for this industry. They would also create jobs and would have significant export growth potential.

Consumer electronics

Renée Short (Wolverhampton North East) asked the Secretary of State for Industry if he would set up the technology centre recommended by the consumer electronics working party of the National Economic Development Council as soon as possible.

Mr Huckfield replied that the consumer electronics sector working party did not recommend a technological centre as such. The government would, however, examine together with the industry the feasibility of common research facilities suggested by the sector working party.

Mrs Short also asked the Secretary of State for Industry if he would implement the recommendations of the consumer electronics working party on the television industry as quickly as possible.

Mr Huckfield said that the department was already talking to all television companies about their future plans and was ready to assist the implementation of concrete proposals in line with the sector working party recommendations as soon as the companies themselves were ready.

Microelectronic test facilities

Renée Short (Wolverhampton North East) asked the Secretary of State for Industry why Great Britain had no independent microelectronics testing house, and if he would endeavour to establish one before foreign testing significantly added to the import bill.

Mr Huckfield said that one major UK microelectronics company had already established an independent test house service for microelectronic components, approved by the British Standards Institute. The National Supervisory Inspectorate was studying the purchase of a comprehensive automatic test facility also aimed at this objective. In addition, the department was considering other proposals for the establishment of independent test houses under the microelectronics industry support programme.

R&D : TUC recommendations

Renée Short (Wolverhampton North East) asked the Secretary of State for Industry if he would adopt the recommendation made by the TUC in its latest 'Economics review' and establish a national body of employers and trade unionists to co-ordinate Great Britain's research and development and direct it to meet industry's needs.

Mr Huckfield said that the government would study all parts of the TUC 'Economic review'. However, research and development was already discussed in the National Economic Development Council and formed part of the work of the tripartite sector working parties. The department had pursued a policy of appointing more trade unionists and industrialists to sit on the research requirements boards.

Foreign investment

Renée Short (Wolverhampton North East) asked the Secretary of State for Industry if he would set up an investment review agency to monitor the foreign investment programmes of British companies so that the government would know before the announcement of plant closures what the employment and economic consequences of particular foreign investment proposals were likely to be for the UK.

Mr Huckfield said that the government kept international investment under review including its impact on the economy and employment in the UK. Machinery already existed for considering inward and outward investment proposals.

Deep seabed mining

Frank Hooley (Sheffield, Heeley) asked the Secretary of State for Industry if the government would take steps to prohibit deep sea mining by British companies, until such time as an international regime for the exploitation of the seabed outside national jurisdiction had been agreed by the United Nations conference on the law of the sea.

Mr Huckfield said that he would not do so.

Mr Hooley also asked the Secretary of State for Industry what estimate had been made of the quantity of manganese, nickel, copper and cobalt, available for recovery by deep seabed mining techniques.

Mr Huckfield said that any attempt to estimate the quantities of metals available for recovery by deep seabed mining techniques had to be based, at present, on inadequate and incomplete survey data, and on assumptions about the efficiency of mining and processing techniques not yet developed on a commercial scale. However the quantities of minerals which might be available for recovery by the seabed mining techniques currently being developed could be very approximately: manganese, 800 million tonnes; nickel, 40 million tonnes; copper, 30 million tonnes; cobalt, 5 million tonnes.

Mr Hooley also asked the Secretary of State for Industry what was the policy of the government in regard to British firms, such as British Petroleum, being engaged in deep-sea seabed mining enterprises.

Mr Huckfield replied that the government regarded it as important that British companies should have every opportunity to participate in the profitable exploitation of the mineral resources of the seabed which offered a useful additonal source of supply of cobalt, copper, manganese and nickel. UK requirements of these metals were at present totally imported.

The UK was seeking at the third UN conference on the law of the sea to negotiate an acceptable convention which would include the establishment of an international system for the exploitation of deep seabed minerals, providing assured access for states, public corporations and private companies as well as the proposed international enterprise.

Tyre gauge testing scheme

Andrew Faulds (Warley East) asked the Secretary of State for Prices and Consumer Protection when he expected to introduce a voluntary national tyre gauge testing scheme, following the establishment in May 1977 of the departmental working party.

Mr Fraser said that garage participation in the scheme would be invited in April, but it was not being launched until July, when there was expected to be sufficient coverage to warrant national publicity of the scheme.

Bargain offers

Terry Walker (Kingswood) asked the Secretary of State for Prices and Consumer Protection what plans he had to ban misleading bargain offers in shops.

Mr Maclennan said he had announced, in October, the government's proposals to ban a wide

range of potentially misleading bargain offer claims, in line with recommendations made to the secretary of state by the Director General of Fair Trading. Detailed and extensive consultations had since been held on the proposals and he would shortly be laying an order before parliament.

Tuesday, 20 March

Telephone rentals

Renée Short (Wolverhampton North East) asked the Secretary of State for Prices and Consumer Protection if he would refer the increase in rentals for new telephone handsets to the Price Commission.

Mr Maclennan said that the responsibility for deciding whether or not to investigate particular prices or increases in them lay with the Price Commission. In making its decision, the commission took careful account of complaints by consumers.

Hide and skin exports

Sir Donald Kaberry (Leeds North West) asked the Secretary of State for Trade what proposals he had made to the European commission to restrict hide and skin exports, and what proposals he had for the encouragement of a more active tanning industry in the UK.

Mr Meacher said that he had asked the EEC commission to make a proposal for restriction of the export of raw hides and skins from the community to third countries. Sponsorship of the UK industry was a matter for the Secretary of State for Industry.

Heathrow's fourth terminal

Toby Jessel (Twickenham) asked the Secretary of State for Trade what was the cost of the inquiry into the proposal for a fourth terminal at Heathrow airport, when he expected the report of the inquiry to be published, what was the purpose of holding the inquiry in the light of the statement by the under-secretary of state for trade that the expansion of Heathrow was inevitable and to what purpose the findings of the inquiry would be put.

Mr Clinton Davis said ministers expected to receive the inspector's report on the public inquiry into the fourth terminal at Heathrow some time after Easter. He would not say when the report would be published and it was not possible at this stage to determine the final costs of the inquiry. The purpose of the inquiry was to ensure that all relevant factors, including the demand for air traffic, were taken into account. He said the ministers' decision on the proposal would be reached in the light of the inspector's report.

Northern regional development

George Grant (Morpeth) asked the Secretary of State for Industry what further plans he had to promote industrial development in the northern region.

Mr Huckfield said that as the whole of the north was either a special development or development area the full range of regional incentives was available in addition to the numerous measures to promote investment throughout the country.

Under the present government, firms in the northern region had received £557 million in regional development grants; offers of £76.3 million of regional selective assistance; and offers of £31.4 million of selective assistance under national schemes. In addition, the department had authorised 2.4 million sq ft of factories for the region.

Foreign takeovers

Arthur Lewis (Newham North West) asked the Secretary of State for Industry if, in the light of the large number of British companies being taken over by foreign interests which could have damaging results in matters such as defence of the security of the UK, he would take action to prevent foreign persons and foreign countries from controlling British industry.

Mr Huckfield said that adequate safeguards existed to ensure that a foreign takeover of a British manufacturing company would not be allowed to proceed if it were contrary to the national interest, including the security of the UK.

Light aircraft accidents

Neville Trotter (Tynemouth) asked the Secretary of State for Trade how many ligh aircraft were lost in the UK in 1977 and 1978, and how he accounted for the change in numbers between the two years.

Mr Clinton Davis said the number of fatal accidents in the UK involving aircraft under 2300 kg was nine in 1977 and 22 in 1978. There was no ready explanation for this difference. The 1978 figure was broadly in line with the average for the previous 10 years excluding 1977. However, the number of notifiable accidents to light aircraft in the UK in 1977, and also the rate per 100 000 flying hours, were comparable with those for other years.

Devolution donations

Douglas Henderson (East Aberdeenshire) asked the Secretary of State for Trade what statutory provisions required disclosure to be made separately in company accounts of donations made to the 'Scotland says no' campaign.

Mr Smith replied that section 19 of the Companies Act 1967 provided that the directors' report had to include certain particulars of contributions for political purposes, which were defined as donations or subscriptions to a political party or to activities which could reasonably be regarded as likely to affect public support for a political party. Directors of companies that had made donations to this organisation would need to consider whether disclosure was necessary to comply with the statutory requirements.

Import controls

Renée Short (Wolverhampton North East) asked the Secretary of State for Trade under what circumstances he would introduce import controls.

Mr Smith said that it was not government policy to introduce general import controls. He was prepared, however, to consider the introduction of temporary import controls where these were necessary to protect an otherwise viable industry from disruption. A number of such controls had been introduced.

Small firm inquiries

Gwilym Roberts (Cannock) asked the Secretary of State for Industry for the latest figures available for the number of inquiries dealt with by the small firms' service and if he would give a detailed breakdown under appropriate headings.

Mr Huckfield replied that, since its creation, the Small Firms Service had helped over 350 000 inquirers (representing over 400 000 inquiries) and inquirers continued to contact centres at the rate of 1700 per week. The type of inquiries received from established businesses over the past year covered:

	per cent		per cent
Management problems	31.2	Help needed in government regulations, policies or	
Finance and financial control problems	8.9	from state agencies	33.5
Technical problems	0.8	Local government	3.7
		Source of supply	21.9

Approximately 21 per cent of inquiries came from small firms involved in manufacturing, 48 per cent from service industries, 1.5 per cent from the construction industry and 29.5 per cent from individuals wishing to start in business.

In addition counselling was now available to small firms throughout the UK, and since the first pilot scheme in November 1976 there had been over 4000 counselling cases. These could be broken down into the following types of problem.

	per cent		per cent
Start-up	28	Expansion	10
Finance	26	Production	3.5
Management	16	Diversification	3
Marketing	12	Other	1.5

Seabed mining

Renée Short (Wolverhampton North East) asked the Secretary of State for Industry what research and development help was giving British copper cobalt, manganese and nickel producing companies to enable them to exploit these minerals on the seabed.

Mr Williams said that in 1975 the government provided £830,000 to help UK mining companies take part in an international consortium carrying out research and development into seabed mining and manganese nodule processing techniques. Seabed mining on a commercial scale was still some years away. Any application by the companies involved (BP Minerals, Consolidated Gold Fields and RTZ) for further financial assistance would be given due consideration.

In the context of the law of the sea conference, the government's aim was to negotiate an international seabed mining regime which, while sharing the benefits and the opportunity to participate among all states, would offer adequate incentives to British companies to undertake seabed mining projects.

Mrs Short asked what mineral exploration, other than oil and gas, was currently being undertaken on the seabed around Great Britain; and if the secretary of state was satisfied that enough was being done to exploit this potential new source of wealth around Great Britain's coast.

Mr Williams said that because of the possible non-energy mineral potential of the continental shelf the department was contributing to the cost of an exploration programme currently being carried out by the Institute of Geological Sciences. In addition assistance was being given to off-shore operations to assess the viability of the alluvial tin deposits off Cornwall.

Mrs Short also asked the Secretary of State for Industry what help he was giving the shipbuilding industry to develop vessels capable of commercial deep-sea mining and if he would consult British Shipbuilders about exploiting this potentially valuable market as quickly as possible and concentrate production of these vessels in areas of high unemployment.

Mr Huckfield said that British shipbuilders were fully aware of this potential market in the longer term and were confident that it would be able to produce whatever ships were required by the mining companies. However, orders for new ships would not arise until seabed mining on a commercial scale was practicable.

Departmental stockholdings

Michael Grylls (North West Surrey) asked the Secretary of State for Industry if he would list the number of shares, including unsecured loan stock, cumulative redeemable preference shares, convertible redeemable preference shares, ordinary shares, and redeemable preference shares he held as at 20 March, the date on which these shares were acquired and their current valuation in the following companies: Dunford and Elliot Ltd, Kearney and Trecker Marwin Ltd, KTM Machine Tools Ltd, Norton Villiers Triumph, and Wolverhampton Industrial Engines Ltd.

Mr Huckfield said the department's shareholding in the companies referred to was:

Holding	Date of acquisition
Dunford and Elliot	
£484 574 (nominal amount) of 12½ per cent unsecured loan stock 1980-83	June 1974
Kearney and Trecker Marwin	
800 000 £1 cumulative redeemable preference 'B' shares at 13½ per cent	August 1976
100 000 £1 cumulative redeemable preference 'D' shares at 13½ per cent	
KTM Machine Tools (Holdings)	
338 141 ordinary shares of £1 each	336 564 in August 1974, 1 577 in March 1975
950 000 redeemable convertible 'A' preference shares of £1 each	August 1974
3 222 200 redeemable 'B' preference shares of £1 each	2 700 000 in August 1974, 522 200 in March 1975
Norton Villiers Triumph	
1 000 000 'A' redeemable preference shares of £1 each	July 1973
1 372 000 'B' convertible redeemable preference shares of £1 each	
Wolverhampton Industrial Engines	
50 000 'A' ordinary shares at 10p each	February 1977

The Dunford and Elliot unsecured loan stock was valued at about £430 000 on the basis of latest stock exchange quotations. None of the other holdings was quoted.

Wednesday, 21 March

Fishing vessel penalties

Neville Trotter (Tynemouth) asked the Secretary of State for Trade in how many cases the penalties for offences relating to fishing vessels were to be increased under the merchant shipping bill, which bodies representing fishermen he had consulted over the proposed increases and whether the bodies concerned agreed to the proposals.

Mr Clinton Davis said that the penalties for 10 offences relating specifically to fishing vessels were to be increased. None of the increases exceeded the normal maximum fine of £1,000 on summary conviction. They conformed with the general pattern adopted for merchant ships and he saw no need for separate consultation.

Tin buffer stock liquidation

Michael Grylls (North West Surrey) asked the Secretary of State for Industry what share of the proceeds of the liquida-

tion of the stock of the International Tin Council's buffer stock of tin he expected to receive, what was the value in cash terms, and when he expected payment to be made.

Mr Huckfield said the United Kingdom, as a contributor, would be entitled to a share in the proceeds of the liquidation of the tin buffer stock in accordance with the arrangements set out in article 25 of the fifth international tin agreement (Cmnd 6424). Unless the period of the agreement was extended, the buffer stock would be liquidated on 30 June 1981, and any refund due would be received as soon as the final accounts had been audited. It was not possible to quantify in advance the United Kingdom's share, but present indications were that it was unlikely to be less than the initial contribution of £2,492,590 made in 1977–78.

Thursday, 22 March

Microprocessor applications project

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Industry whether the criteria for grants under the microprocessor applications project differed in any way from the criteria applied to other grants under the Industry Act, what proportion had so far been approved and rejected and how many applications had been refused on the grounds that the project was so commercially attractive to the investor that no public funds were necessary to finance it.

Mr Williams said that the assessment criteria for grants under the microprocessor application projects (MAP) (Science and Technology Act) were broadly similar to those for selective grants under the Industry Act and included viability, technical feasibility and evidence that government assistance was essential to the initiation, scale or timing of the proposal. MAP covered several areas of activity not included in other forms of support, incorporated novel measures and had a significantly reduced lower threshold limit to help small firms.

Approximately 22 per cent of the total number of formal applications appraised to date had been rejected but ineligible cases were often identified at an earlier stage. A decision to support or not was usually made on a combination of factors and the department had no record of any application rejected solely on the grounds suggested.

Criteria for assistance

Mike Noble (Rossendale) asked the Secretary of State for Industry what discussions he had had with the EEC on the allocation of finance under sections 7 and 8 of the Industry Act 1972 for those sectors where he was required to take overall capacity into account and whether those discussions involved a definition of 'overall capacity' in a European or a British context.

Mr Williams said that all applications for support under sections 7 and 8 of the Industry Act 1972 were assessed in accordance with the government's 'criteria for selective assistance to industry' laid before the house on 12 January 1976. Each case was considered individually against these criteria and, whatever the sector concerned, the implications of changes in capacity were taken into account when they arise. There were no fixed allocations of finance for particular sectors under sections 7 and 8 except for industry schemes where the funds allocated reflected the needs and circumstances of each sector. Proposals for all new industry schemes and the funds to be allocated were discussed with the European commission. These discussions took account where relevant of likely capacity in the sectors concerned in both the UK and the European community as a whole. The commission had made proposals to limit regional aids to certain sectors in difficulties and, in particular, discussions on the draft decision on steel were continuing.

Wages by Giro

Arthur Lewis (Newham North West) asked the Secretary of State for Industry whether he would initiate discussion with the Trades Union Congress, the Confederation of British Industry, and the Post Office to introduce a national voluntary system of payments of wages and salaries by National Giro.

Mr Huckfield said the government favoured movement towards payment of wages and salaries by non-cash methods and welcomed the initiatives which the National Girobank had already taken to widen the acceptance of this principle. He believed that further progress would best be made by joint action on the part of the banking sector as a whole, in which the National Girobank would be well placed to play an important role.

NEB shareholdings

Michael Grylls (North West Surrey) asked the Secretary of State for Industry if he would list the shares held by the National Enterprise Board at 16 March, stating the cost of the shares, the percentage of the total equity they represented, the value of the shares at 16 March and what loans the National Enterprise Board had made to the companies where applicable.

Mr Huckfield said the reply on 15 November 1978 (*Trade and Industry*, 24 November 1978, page 387) and amended on 24 January (*Trade and Industry*, 2 February, page 213) should be further updated as follows to show the position as at 16 March 1979:

Company	Number and description of shares held by NEB	Per cent of nominal value and total equity	Cost (£'000)	Share value (stock exchange closing price 16 March 1979)
Barrow Hepburn Ltd	1 000 000 25p ordinary	4.1	450	33p
BL Ltd	1 144 554 026 50p ordinary	98.9	695 523	20p
Brown Boveri Kent Ltd	10 856 585 25p ordinary	20.0	3 293	62p
George P. Brown (Holdings) Ltd	575 000 £1 ordinary	49.0	575	
Burndept Electronics Ltd	510 000 £1 ordinary	51.0	510	
Cambridge Instrument Co Ltd	712 684 255 1p ordinary 4 261 757 10p ordinary	87.1	8 020	
	50 000 000 1p ordinary	Not equity	500	
Ferranti Ltd	10 666 666 50p ordinary	50.0	6 933	410p
Ferranti Resin Ltd	294 000 £1 ordinary	49.0	294	
ICL Ltd	8 342 250 £1 ordinary	25.0	12 956	484p
Inmos Ltd	370 000 25p ordinary	67.3	92	
	25 000 £100 preference	Not equity	2 500	
INSAC Data Systems Ltd	3 150 000 £1 ordinary	100.0	3 150	
Logica Holdings Ltd	32 240 £1 ordinary	20.0	1 171	
Logica Securities Ltd	20 000 £1 ordinary	20.0	1 000	
Logica VTS Ltd	14 438 25p ordinary	43.0	1 800	
Middle East Building Services Ltd	18 750 £1 ordinary	29.6	19	
Negretti and Zambra Ltd	960 000 25p deferred ordinary	29.8	710	81p
	460 622 £1 redeemable preference	Not equity	461	
Nexos Ltd	50 000 £1 ordinary	100.0	50	
Rigby Electronics Ltd	75 000 £1 ordinary	28.5	75	
Sinclair Radionics Ltd	75 000 £1 ordinary 200 000 £1 preference	73.3	650	
	4 200 000 £1 redeemable preference	Not equity	4 200	
Systime Ltd	862 £1 Ordinary 476 £1 preference	28.1	557	
Wholesale Vehicle Finance Ltd	3 564 000 £1 ordinary	77.5	3 564	

The information on loans which the board had made to companies up to 31 January last and which are set out in the department's booklet 'National Enterprise Board: facts and figures' should be updated as follows:

	£ million
Systems Programming Holdings Ltd	0.85
Wholesale Vehicle Finance Ltd	1.17
Mayflower Packaging Ltd	0.01
F. W. Elliott (Holdings) Ltd	0.20

Abandoned claims

Michael Grylls (North West Surrey) asked the Secretary of State for Industry what were the details of the claims abandoned amounting to a sum of £2,664 shown under the appropriation accounts.

Mr Huckfield said that three claims by the department against companies were abandoned. Two of these concerned investment grants which involved writing-off £2,087 and £117. The larger sum related to a firm which went into liquidation and the department as a result was unable to recover the amount owing following disposal by the company of its grant-aided assets. The recovery of the smaller sum would have involved the department in disproportionate costs to public funds and it was therefore judged that to write off the sum would minimise the cost to the department. The third abandoned claim concerned a departmental fee for arranging a bank-loan guarantee. The guarantee was not taken up and the fee to the company was reduced from £850 to £450. The latter sum was accepted by the department in full and final settlement on legal advice.

SWP reports

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Industry how many sector working parties were active and produced reports in 1978; how many indicated in their reports that an improved market-share had been achieved by British industry in their sector in the year; how many claimed that investment in their sector in the year had been consistent with their previous strategy objectives and recommendations; and how many claimed that the Industrial Strategy had had any significant effect on the performance of individual companies and the level of employment in their sector.

Mr Huckfield said that 38 sector working parties (including those economic development committees within the Industrial Strategy) were active in 1978. All but one produced an end-year report. So far 22 SWPs had published their reports. There was also an analysis of sector working party reports prepared by the Industrial Strategy staff group.

Increasing the UK share of world markets over the medium term was the overall objective of the Industrial Strategy. Figures showing the UK's share for 1978, sector by sector, would not be available until the end of this year.

Of the published reports, 12 commented on the level of investment in their sectors. Six SWPs reported that investment trends are broadly consistent with their strategy objectives and recommendations. Four of these – machine tools, textile machinery, printing machinery and wool textiles – emphasised the importance of industry schemes in bringing about the required investment in product development and capital equipment. Two of the published reports call for further investment to attain sectoral objectives. A further four stress the need for investment in research and development to secure the industries' long-term position.

Thirteen of the published reports commented on the employment implications of their objectives until the early 1980s. Seven SWPs expected an increase in employment, in particular those for printing machinery, clothing and some of the food and drink sector working groups, while four expect employment losses.

The promotion of action at company level to improve performance was a vital aspect of SWP work.

Itabira Iron Ore Co

Michael Grylls (North West Surry) asked the Secretary of State for Industry when he purchased shares in the Itabira Iron Ore Co what was their cost and what percentage of the equity did they represent; what percentage return was represented by the £104,648 he received during 1977-78 from the official receiver; and if he expected to receive further payments during 1978-79 and 1979-80.

Mr Huckfield said the government acquired compulsorily all the shares in the Itabira Iron Ore Co in March 1942 so that this source of supply might be secured and developed in wartime. Compensation amounting to £126,348 was paid to the shareholders. The Itabira Iron Ore Co had a shareholding in Brasilera de Minerias e Siderugia SA and when this company was taken over by the Brazilian government it agreed to compensate the shareholders and in this respect the government has received payments in 1959 of £24,000 and £104,648 in 1977-78 (the latter representing a return of 83 per cent calculated on the compensation paid to the shareholders of the Itabira Iron Ore Co by the government). No other payments were expected.

EEC enlargement: effect on textiles

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Trade what would be the effect of enlargement of the EEC to include Spain, Portugal and Greece on the future of import controls on textile and clothing products from these countries.

Mr Meacher said that the accession of Spain,

Portugal and Greece would ultimately mean that imports from these countries would be treated on the same basis as imports from other EEC member states. But it was intended that the accession treaties should include a safeguard clause which would allow the commission to authorise action against disruptive imports during the transitional periods.

China textile agreement

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Trade what was the policy of the government on the proposed textiles agreement between the People's Republic of China and the EEC.

Mr Meacher said the government would wish to ensure that the outcome to the current negotiations was consistent both with the community's textile policy and with the UK's general commercial interests.

Friday, 23 March

Merchant shipping

Helene Hayman (Welwyn and Hatfield) asked the Secretary of State for Trade what consultation he proposed with the shipping industry before future regulations were made under paragraph 11 of part II of schedule 3 to the Merchant Shipping Bill.

Mr Clinton Davis said that in the government's view it was essential to ensure by this provision that passengers should be informed on their tickets that a carrier's liability toward them might be limited so that they would have the opportunity to take out supplementary insurance cover. However, in view of the expensive nature of many modern tickets, frequent changes in these regulations could create difficulties and increase costs. Accordingly, it would be the government's intention to consult the industry on appropriate organisational matters before any regulations were made. He expected that it would normally be possible to give six to 12 months' notice of such changes to enable the orderly introduction of fresh ticket stocks.

Electro-zinc imports

John Ellis (Brigg and Scunthorpe) asked the Secretary of State for Trade in view of the fact that the imports of electro-zinc grade were 2220 tonnes per month for the year 1977-78, that the actual June figure for 1978 was 3872 tonnes, and that the imported product was £27 a tonne cheaper than British Steel Corporation's United Kingdom home trade prices, what steps he was taking to rectify the situation.

Mr Meacher said that it was misleading to take a single month's imports of any product in isolation. The average level of imports of electro-zinc grade for 1978 was 2653 tonnes per month and the figure for June 1978 was exceptional. Trade in electro-zinc grade between members of the European Coal and Steel Community was subject to the basic provisions of the treaty of Paris, including article 60 on price discrimination, but there were no mandatory minimum or guidance prices on this product. As far as external trade was concerned, voluntary restraint arrangements, which included trade in electro-zinc grade, were negotiated between the community and major third-country suppliers for 1978. These were being extended into the current year following agreement between the industry and the government that they had contributed to an overall improvement in the conditions of trade for iron and steel products. Other third country suppliers remained subject to a basic import price scheme.

The Department of Trade, in collaboration with the industry, carefully monitored the operation of these two schemes and promptly drew to the attention of the commission any difficulties and irregularities that might appear, and these were taken up, as appropriate, by the commission. There had been no recent complaints from the industry about irregularities in the pricing of electro-zinc grade.

Multifibre agreement

Kenneth Clarke (Rushcliffe) asked the Secretary of State for Trade what studies the government had carried out of the extent to which the multifibre agreement has benefited textile manufacturers in Great Britain, developed countries and developing countries, respectively.

Mr Meacher said that an analysis of the impact on the UK of imports of manufactured goods from the newly industrialising countries was published in government economic services working paper 18 'The newly industrialising countries and the adjustment problem' (Foreign and Commonwealth Office, January 1979). This report concluded, however, that it was not possible to isolate the effect of the multifibre arrangement from other factors affecting employment in the clothing and textile industries.

Crystal decanters for glass fair

Charles Taylor, one of Royal Brierley Crystal's craftsmen, is seen here making the final sharp angle cuts on one of two giant 3 lb decanters made for the British handmade glass exhibition.

WEMBLEY AUCTION SALES 1979

3 APRIL

View Days:	Day preceding and morning of sale
Location:	Department of the Environment Property Services Agency Supplies Stores India Pavilion Exhibition Grounds Wembley, Middx. Tel. 01-903 2508
Description of Goods:	Miscellaneous office equipment and furniture etc. (Potential buyers are advised to refer to the official catalogue available from the auctioneers, price 20p)
Auctioneers:	Messrs Hollingsworth Westcombe House 56/58 Whitcomb Street Leicester Square London WC2H 7DR Tel. 01-893 1875

PUBLIC AUCTION SALE

BRISTOL

A public auction sale of surplus government furniture and equipment has been arranged at the DOE PSA Supplies Store, Bay 5, Ashton Vale Road, Bristol, Avon BS3 2HJ. The sale will commence at 10.00 hours on the 11 April 1979 and viewing will be allowed from 10.00 to 16.00 hours on the day previous.

The auctioneers are Messrs. Stanley, Alder and Price, 7 St. Stephens Street, Bristol, Avon BS1 1EG, telephone 0272 299151 and catalogues will be available directly from them, price 15p.

Overseas trade news

Good prospects in Cameroon market

Cameroon is a market with good prospects for both investors and exporters but to enter the market successfully will require hard work, a good relationship with the importer and goods of a consistently high quality.

That was the conclusion nearly 200 people representing 150 companies heard at a seminar on trading with Cameroon held on 22 March. It was organised by the tropical Africa advisory group of the British Overseas Trade Board. Gordon Wilson, the group's deputy chairman, took the chair.

One of the main speakers, Thaddeus Kinga, commercial counsellor at the Cameroon embassy, said there was great potential for UK investment in Cameroon. The economy was expanding rapidly, averaging 7.6 per cent growth between 1971 and 1976 and 5 per cent between 1976 and 1977. The country has a low debt service ratio and the World Bank, with confidence in the future of the market, has said that Cameroon continued to be creditworthy because of its ability to maintain and improve productivity and with its potential diversity further the economy by developing still unexploited resources (especially oil and bauxite). Above all, Mr Kinga said, Cameroon had shown since independence that it was determined to honour all its international obligations either with governments or with private companies.

The wish to attract foreign investment, he continued, had been given concrete form in an 'open door' policy to all foreign private investors, an elaborate and generous investment code, and the establishment of a permanent institutional structure for dialogue between the government and the private sector.

The state's participation in private investment was not obligatory (except in banking) and it only participated in strategic projects which were such that they could only be undertaken by several private investors.

Mr Kinga said that Cameroon's economic system was such that while permitting the government to guide the development of the country, it depended on the partnership between the state and private enterprise.

Mr Kinga hoped that UK companies would appreciate the incentives offered by his government and bearing in mind also the sound economic and political situation in the country would decide to invest directly in Cameroon.

The other main speaker, Denis Healy, formerly Britain's vice-consul (commercial) in Douala, offered advice on how the problems of trading with Cameroon might be overcome, and how opportunities in the country might be pursued. He felt that British businessmen were too timid about the market despite the nostalgia that was felt towards Britain in Cameroon. Many UK goods had been sold in Cameroon, but through French companies that had incorporated large mark-ups. Cameroonians were therefore anxious to do business direct.

To do business, he said, it was necessary to be able to speak French although the country is officially bilingual. He warned that the Cameroonians were very cautious when dealing with new contacts and for this reason patience was required in negotiations. His main point was that the Cameroonians were very brand loyal and once a company had established itself, they were likely to remain loyal to that company's products. In conclusion Mr Healy stressed that there were few payment problems in Cameroon. Some companies may have had a liquidity problem but the underlying strength of the economy remained. The future in Cameroon was very secure.

The remainder of the afternoon was devoted to an open forum which covered a much wider field including the problems of tendering for European development fund projects.

Seminar chairman Gordon Wilson (centre) with Thaddeus Kinga (left) and Denis Healy.

UK supplements in US magazines

Two British supplements are now being prepared by the Central Office of Information, on behalf of the British Overseas Trade Board, for publication in American magazines later this year.

One is a 16-page supplement on the British furniture industry, due to appear just before the southern furniture exhibition at High Point and will form part of the September issues of *Furniture World* and *Furniture South*, and will carry colour pictures of British furniture on eight of its pages.

Colour pictures will appear on all of the eight pages of the other supplement, which will be published in the August issue of *Hardware Retailing*. This supplement is being prepared to support British participation in the National Hardware Show, Chicago, in August.

Details of editorial can be obtained from Central Office of Information, Room LH414, Hercules Road, London SE7 7DU, tel. 01-928 2345 ext. 8137.

Seminar on Malaysian investment

An investment seminar is being held by the Malaysian Investment Centre. It will be conducted by a high-level mission led by the Deputy Prime Minister and Minister for Trade and Industry, Dr Mahathir bin Mohammed, in Manchester on 19 and 20 April.

The seminar will provide an excellent opportunity for UK companies to assess the investment climate in Malaysia and question the relevant Malaysian authorities.

UK firms interested in attending are asked to contact Mr T. C. Yeow, Deputy Director, Malaysian Investment Centre, 17 Curzon Street W1, tel. 01-493 0616 and 01-409 0411.

Disclosure of import information

Consideration is being given, under section 3 of the Finance Act 1967, to the disclosure of information on the following goods:

SITC (R2)	Trade description	Code no
893.99	Other articles nes of the materials falling within division 58 of other materials	
	Other	
	Other articles	
	Other	
	Plastic cups	3907 9910
	Other	3907 9999

The government is consulting the Association of British Chambers of Commerce, 6-14 Dean Farrar Street, London SW1H 0DX on these proposals and the association will take into account any views received from importers by 27 April 1979.

Inquiries may be addressed to Economics and Statistics Division, Division 5 Branch B2, Department of Industry, 1 Victoria Street, London SW1H 0ET, tel. 01-215 5770.

ECGD general purpose lines of credit

The table lists lines of credit guaranteed by the Export Credits Guarantee Department under which there is capacity for further export business to be financed as at 31 March 1979.

Departmental reference	Tel. ext. at ECGD HQ	Recipient country	Borrower	UK bank	Unless otherwise stated these lines are for UK capital or semi-capital goods and services	Loan value £ million	Minimum single contract value £'000s	Final date for entering into contracts
49-0/990434/32	7575	Czechoslovakia	Ceskoslovenska Obchodni Banka AS	National Westminister Bank Ltd		4	20	24 January 1980
49-0/990434/26	7575	Czechoslovakia	Ceskoslovenska Obchodni Banka AS	National Westminster Bank Ltd		2	20	25 September 1979
LC 814	654	Egypt	Bank of Alexandria	Morgan Grenfell and Co Ltd		2	150	31 December 1978
53-0/262/ 990604/1	529	Ghana	Bank of Ghana	Standard Chartered Merchant Bank Ltd	UK capital plant equipment, machinery, vehicles and associated services	20 *	250 *	19 October 1979
LC 835	7575	Hungary	National Bank of Hungary	Morgan Grenfell and Co Ltd		5	15	21 June 1979
49-0/990302/43	7575	Hungary	National Bank of Hungary	Morgan Grenfell and Co Ltd		5	20	21 March 1980
LC 815	607	Israel	The First International Bank of Israel	N. M. Rothschilds and Sons Ltd		2	15	2 August 1979
LC 823	607	Israel	Industrial Development Bank of Israel Ltd	S. G. Warburg and Co Ltd		3	15	30 September 1979
49-0/78/331/ 990256/20	607	Israel	Bank Hapoalim BM	N. M. Rothschilds and Sons Ltd		6	15	15 February 1980
49-0/78/331/ 990256/21	607	Israel	Bank Leumi Le Israel BM	N. M. Rothschilds and Sons Ltd		7	15	19 September 1979
43-0/78/331/ 553042/1	607	Israel	United Mizrahi Bank Ltd	Manufacturers Hanover Export Finance Ltd		3.6 *	25 000 *	30 November 1979
LC 687	529	Kenya	Industrial Development Bank Ltd	Morgan Grenfell and Co Ltd		2	125	30 June 1979
LC 599	529	Kenya	Development Finance Co of Kenya Ltd	Manufacturers Hanover Export Finance Ltd		1	25	3 May 1979
BC(MC) 42/99029	595	Mexico	Petroleos Mexicanos	Baring Bros and Co Ltd	Reimbursement facility for UK capital plant and services (for Pemex only)	50 *	100 *	February 1980
43-0/990353	595	Mexico	Nacional Financiera SA	Barclays Bank International		20 *	200 *	7 November 1979
LC 700	7574	Poland	Bank Handlowy W. Warszawie SA	Lloyds Bank Ltd	Semi-finished and finished UK steel	30 *	100 *	2 September 1979
LC 807	7574	Poland	Bank Handlowy W. Warszawie SA	Morgan Grenfell and Co Ltd		5	20	21 April 1979
990302/45	7574	Poland	Bank Handlowy W. Warszawie SA	Morgan Grenfell and Co Ltd	UK produced barley and wheat	30 *	250 *	30 September 1979
990434/27	7574	Poland	Bank Handlowy W. Warszawie SA	National Westminster Bank Ltd	UK artificial fibres and chemicals	30 *	100 *	27 February 1980
LC(FC) 801	607	Portugal	Sociedade Financeira Portuguesa EP	N. M. Rothschilds and Sons Ltd		8 *	35 *	21 June 1979
LC 763	7575	Romania	Romanian Bank for Foreign Trade	Barclays Bank International Ltd		5	20	4 May 1979
LC 764	7575	Romania	Romanian Bank for Foreign Trade	National Westminster Bank Ltd		5	20	24 February 1980
LC 777	7575	Romania	Romanian Bank for Foreign Trade	Barclays Bank International Ltd	UK plant and equipment to make good the damage done by the March 1977 earthquake, and associated UK services	10	20	9 July 1979
LC 824	7575	Romania	Romanian Bank for Foreign Trade	Lloyds Bank Ltd		5	20	11 December 1979
990302	7574	USSR	The Bank for Foreign Trade of the USSR	Morgan Grenfell and Co Ltd		10	50	7 September 1980
LC 701	7575	Yugoslavia	Investociona Banka Titograd United Bank	Lloyds Bank Ltd		10	10	31 October 1978 (may be extended to 30 April 1979)
LC 746	7575	Yugoslavia	Udrezena Beogradska	Barclays Bank International Ltd		10	20	30 June 1979
59-0/78/731/ 990302/40	529	Zambia	Roan Consolidated Mines (RCM)	Morgan Grenfell and Co Ltd	UK plant and equipment for RCM's general mining purposes and associated services	4	10	30 October 1979

* Dollar figures.

Notes: 1 Requests for further information on any of these lines of credit should be made to the bank concerned or to Export Credits Guarantee Department, PO Box 272, Aldermanbury House, Aldermanbury, London EC2P 2EL (tel. 01-606 6699, extensions as listed in the second column). 2 Exporters when negotiating business which might be financed under one of the above lines of credit should ensure that their contract price contains sufficient margin to cover the cost of any premium payable. These details can be obtained from the bank concerned.

中文翻译与排版

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UK-Hungarian seminar on pesticides

A Hungarian delegation of six specialists, headed by Mr F. Hargitai of the Ministry of Agriculture and Food, arrived at Cambridge on 25 March for a three-day seminar on pesticides.

On the UK side the seminar included sessions on insecticides, herbicides, rodenticides and analytical techniques. It was attended by members of the industry as well as relevant research laboratories of the Agricultural Research Association (ARC), Ministry of Agriculture, Fisheries and Food and University of Bristol.

The seminar was originally proposed at the 1978 meeting of the UK-Hungarian joint commission, with the objective of bringing together Hungarian and British specialists to investigate possible areas for co-operation.

The level of co-operation considered ranged from scientific exchanges and joint projects between research institutes, to industrial co-operation, including longer-term opportunities for the UK industry in Hungary. The fundamental criterion of any co-operation being its mutual benefit to both partners.

Following the seminar, which finished on Wednesday, the Hungarian delegation visited the laboratories of Fisons Pest Control Ltd, ARC Rothamsted, The Wellcome Foundation and Shell International.

The seminar, co-sponsored by the British Council, was one of a number of similar events being organised by the international technological collaboration unit of the Department of Trade. Further details available from ITCU, Abingdon (0235) 21840 ext. 6398.

Britain helps Sri Lanka water project

Britain is giving up to £2.4 million to Sri Lanka for a project to increase the supplies of clean drinking water and improve health standards in the south coastal region.

The project involves a feasibility study by a team of consultants. Following their report a new intake and treatment works will be designed and constructed at Matara and the distribution system extended to four nearby towns.

Britain will also be providing design engineers, a financial adviser, and a clerk of works under technical assistance arrangements. A local health education programme will be included in the project.

Don't send your parcels to us – embassy

Britain's embassy in Beijing (Peking) says an increasing number of British companies are sending material (eg technical seminar papers, trade literature) in large quantities by air-freight or air parcel post consigned to the embassy for clearance and forwarding to relevant Chinese organisations. The embassy says that this is putting an unacceptable burden on both the administration section which has to arrange customs clearance and delivery to the embassy and on the commercial section which has to re-address and despatch the material to relevant addressees. It also adds three to four days to delivery.

The embassy would appreciate it if, in future, companies would consign material direct to Chinese organisations but notify the embassy of despatch details so that they will be in a position to check on the material's arrival.

Companies should, of course, continue to copy correspondence to the embassy to keep them informed of developments on particular projects and proposals.

ECGD backs loan for USSR glass-fibre plant

Repayment for a £24.2 million loan which Morgan Grenfell acting on its own behalf and for a syndicate of banks has made available to Vneshtorgbank, the Soviet bank for foreign trade, is being backed by the Export Credits Guarantee Department.

The loan will help finance the £28.5 million UK element of the contract awarded to Klockner Ina Industrial Plants, Woodall-Duckham and TBA-Bishop by V/O Techmashimport for the design, supply and commissioning of a glass-fibre plant at Polotsk near Minsk.

The total value of contracts placed under

ECGD cover for overseas fairs

As a supplement to the ordinary insurance policy exporters have with Export Credits Guarantee Department (ECGD), cover is available for goods exhibited at fairs overseas against the rather special risks involved.

The standard cover includes sales at overseas fairs
Sales made at overseas fairs are covered under the standard ECGD policy against eventualities of loss, such as the insolvency of the buyer or his default, or exchange difficulties preventing transfer of payment from the buyer's country.

Special cover
Under a special policy supplementary to an exporter's main policy, ECGD can cover also the risks of loss arising while the goods are being exhibited or are on their way to be exhibited.
The risks covered are loss caused by destruction or damage resulting from war (including 'civil war, hostilities, rebellion and insurrection') occuring in the country where the goods are being exhibited or in a country through which the goods are travelling on their way to be exhibited,
or war between any of the countries involved,
or the requisition or confiscation of the goods in these countries,
or any measure or decision in the country where the goods are exhibited which prevents their re-export to the UK.
For more information about this special cover, get in touch with the nearest regional office of ECGD.

ECGD's head office is at Aldermanbury House, Aldermanbury, London EC2. There are regional offices in:

Central London 01-437 2292 **North London** 01-808 4570 **South London** 01-686 9921 **Belfast** Belfast 31743 **Birmingham** 021-233 1771 **Bristol** Bristol 299971 **Cambridge** Cambridge 68801 **Glasgow** 041-332 8707 **Leeds** Leeds 450631 **Manchester** 061-228 3621.

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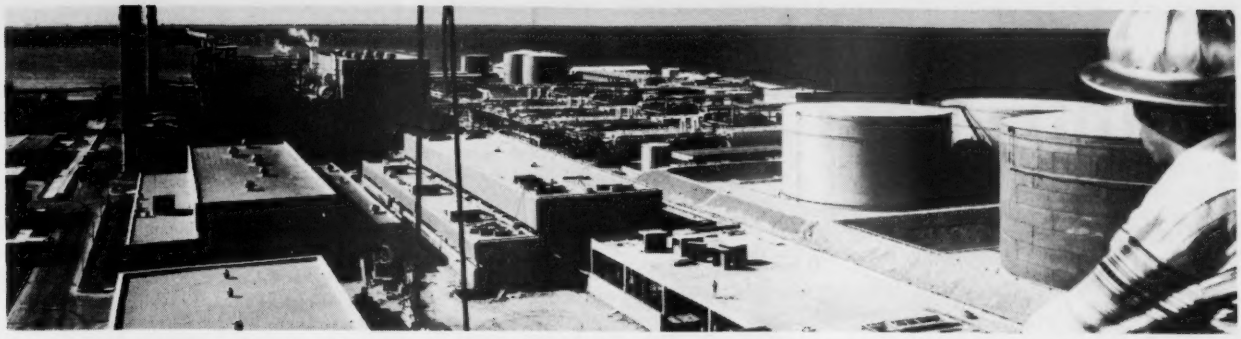

Second phase of what will be the world's largest single-site dual-purpose generating and desalination plant under construction at Jeddah, Saudi Arabia. Consulting engineers are Ewbank and Partners Ltd, Brighton. The desalination plant will be built by Weir Westgarth, Glasgow.

the credit arrangement made with the USSR in February 1975 is now £472.9 million.

UK-French co-operation in third countries

Many British firms have achieved additional export success through collaborating with companies based in other developed nations for contracts in third country markets. Following the setting up of a register of West German firms interested in collaborating with British companies in third country markets (*Trade and Industry*, 13 January 1978) the British embassy in Paris has now compiled a similar register of French companies.

The main areas of interest are construction and civil engineering, contracting, heavy engineering, plant manufacture, electrical supplies and consultancy. As well as being useful to contractors and consultants, this information could be of interest to manufacturers and suppliers as it includes information about purchasing policy and points of contact.

Copies of the register are being made available for consultation in Special Export Services Branch at Export House and in the export sections of the British Overseas Trade Board offices in the regions. Firms may purchase the whole document (for £50) or individual profiles (for £2.50 each).

Further information is available from the Special Export Services Branch (section 4), Room J25, Export House, 50 Ludgate Hill, London EC4M 7HU.

EUR 2 for Postpacks

A new form, EUR 2, has been developed by the Simplification of International Trade Procedures Board (Sitpro) for use with its Postpack. Postpack is a pack of interleaved documents made up of all the forms and labels needed for export parcel-post despatch (see *Trade and Industry*, 10 November, page 271).

EUR 2 is a certificate of origin for goods exported from the UK and which qualify for preferential duty admission to Efta countries, Cyprus, Israel, Malta and Spain, or as advised by HM Customs. It can be used for exports to Efta countries by any means of transport provided the total value of the goods in a consignment does not exceed £630. For exports to Cyprus, Israel, Malta and Spain, it can be used only for goods sent by post and of a total value not exceeding £420. In all other cases EUR 1 must be used.

EUR 2 only has to be inserted into the Postpack and then this can be typed in the normal way, no extra carbons being required.

EUR 2 forms are available in packs of 250, 500 or 750 from Moore Paragon (UK) Ltd, Western Industrial Estate, Western Way, Bury St Edmunds, Suffolk IP33 3ST. Full instructions on how to complete EUR 2 will be supplied with initial orders.

More direct dialling overseas available

Algeria and Yugoslavia have now joined 83 countries already available on international direct dialling (IDD). This means that UK phone users can now dial direct to two million additional numbers abroad.

Algeria is the second north African country to gain IDD and nearly 90 per cent of its 326 000 phones are now accessible without the aid of an operator.

In Yugoslavia 1 700 000 telephones are available to British phone users.

An IDD call to Algeria costs 45p a minute, standard rate and 30p a minute during the cheap rate period (between 8 pm and 6 am on weekdays and all weekend). This compares with a charge of £1.71 for a minimum three minute period and 57p for each additional minute, for calls placed through the operator. All prices exclude VAT.

Calls to Yugoslavia are cheaper – 35p a minute at standard rate and 22p at the cheap rate. Reaching Yugoslavia through the operator costs £1.41 for three minutes.

To make an IDD call to Algeria UK customers should dial 010 213 followed by the number. The code for Yugoslavia is 010 38.

Notices to importers

Issued by the Department of Trade, Import Licensing Branch, Charles House, 375 Kensington High Street, London W14 8QH. Telephone inquiries should be addressed to the number at the end of the notice.

1735: imports from China – 1979 definitive arrangements

Notices to importers 1718 and 1719 (*Trade and Industry*, 5 January) set out among other things, the definitive and temporary arrangements for imports into the UK of restricted goods for China during 1979. The temporary arrangements applied for the period 1 January to 31 March 1979 and will be replaced by the definitive arrangements set out in NTI 1718 which will come into effect from 1 April 1979. Licences issued under the temporary arrangements will in all cases be deductible from the trader's allocation against the definitive quotas.

Newly restricted goods

Existing surveillance licences for goods of certain tariff headings which under definitive arrangements coming into force on 1 April include newly restricted goods, will be revoked with effect from 1 April 1979. In cases where the goods which traders intended to import under such licences are not subject to the new restrictions, traders should make fresh applications to Import Licensing Branch. Under these arrangements, existing surveillance licences will be revoked for goods of the tariff headings and mfa categories indicated below, originating in China:

Tariff heading	MFA category	Tariff heading	MFA category
ex 59.11	92	ex 61.04	30A, 30B, 80
59.13	105	ex 61.06	84
ex 60.01	38A, 64, 65	ex 61.09	31, 86
ex 60.05	67	ex 61.10	87
ex 60.06	67, 72	ex 62.01	66
ex 61.01	14A, 14B, 17 21, 76, 78, 79	ex 62.02	20, 38B, 39, 40
		ex 62.03	33
ex 61.02	15A, 21, 26, 27, 29, 76, 79, 80, 81	ex 62.04	91, 109, 111
		ex 62.05	113

Goods shipped before 1 April 1979 will not count against the quotas and applications for licences for such goods should be accompanied by evidence of the date of shipment of the goods.

Inquiries: Import Licensing Branch, tel. 01-603 4644 ext. 280.

Overseas trade country data

Australia

Customs act and regulations. The loose-leaf 'Customs act and regulations' previously published by the Australia Department of Business and Consumer Affairs for departmental use is now available for sale to the public. Annual subscription rates are:

Customs acts and regulations	Ex Customs house	If posted within Australia	Overseas rate (air-mail)
Initial issue	$8.25	$12.25	$28.25
Amendment subscription	$3.00	$5.00	$7.00

Any purchase made before 1 July 1979 will, as far as amendments are concerned, be treated as covering the period from the date of purchase to 30 June 1980.

The publication is a working document only and has no legal standing.

Inquiries: CRE 01-215 5319.

Ref: CRE 36475.

Wool and wool-blend fabrics. The Australian government announced in November 1977 that tariff quotas would be imposed on certain woollen and wool-blend fabrics if imports over a progressive 12-monthly period exceeded the specified trigger level of 1.7 million m² for three consecutive months.

An investigation into import clearance statistics has revealed that the trigger level on two categories of wool and wool-blend fabrics has been so exceeded and quotas as follows have therefore been applied from 1 March. Initial quota allocations will be for six-month period with a validity of 12 months.

Goods	Annual quota level	Additional duty for above quota imports
Worsted wool fabrics and wool fabrics containing silk and polyester	2 million m²	A$2.50 m²
Certain other wool fabrics including fabrics containing man-made fibres	1.5 million m²	A$2.50 m²

Inquiries: OTAR 01-248 5757 ext. 401/468/469.

Denmark

Cosmetic products. Danish law 38, 2 January (published in the Danish *Gazette* A 1979, volume 8), brings Danish legislation in line with EEC directive 76/768/EEC of 27 July 1976 on harmonisation of the laws in member states relating to 'cosmetic products'.

This law comes into effect on 1 April.

Copies of the Danish text of the law are available from OTAR 01-248 5757 ext. 408/423.

Finland

A notice in *Trade and Industry* dated 21 October 1977 reported new regulations for the composition and marking of packs for the sale of cosmetic preparations (decrees 456/77 and 457/77).

Decree 703/78 has, however, extended by eight months the period in which these products may be sold without the markings specified in the above decrees. Such products may be distributed for sale by the producer, the agent commissioning the manufacture or the packer until the end of May 1979, and sold by others until the end of May 1980.

Copies of an unofficial translation of decrees 456 and 457 may be obtained from OTAR 01-248 5757 ext. 460.

The Gambia

Development plan. A copy of The Gambia's 'Estimates of recurrent revenue and expenditure 1978/79 with the five-year development plan 1975-76 to 1979-80' is available for reference in the Statistics and Market Intelligence Library, Export Services and Promotions Division, Room D16, Export House, 50 Ludgate Hill, London EC4M 7HU, tel. 01-248 5757 ext. 368/369.

Copies are available on loan in microfiche format only. Applications will be dealt with in order of receipt.

Netherlands

Children's toys. A decree, 15 December 1978 ('Staatsblad' 755), published on 15 February, modifies the Toys Decree (Commodity Law).

Copies of this decree (in Dutch) are available from OTAR 01-248 5757 ext. 288/466/467.

New Zealand

New invoice forms. The New Zealand Comptroller of Customs has announced the introduction of two new invoice forms for goods exported to New Zealand, to replace the old form 56. The two forms are:

1 Invoice and certificate of value, form 55, used for all goods subject to normal tariff rates of duty, and
2 Invoice and combined certificate of value and origin, form 57, required only for goods subject to British preferential tariff rates of duty, ie at present, motor vehicles and parts thereof.

The forms come into effect immediately, although old forms may be used until 31 August.

Specimen copies of the new forms can be obtained from OTAR 01-248 5757 ext. 401/468/469.

Further information

In many cases further information on the notices published on these pages is available to British exporters from the Department of Trade. The main branches concerned are: Commercial Relations and Exports (CRE) Divisions, 1 Victoria Street, London SW1H 0ET (tel. direct dialling); and Overseas Tariffs and Regulations Section (OTAR), Export Data Branch, Export Services and Promotions Division, Export House, 50 Ludgate Hill, London EC4M 7HU, tel. 01-248 5757. In each case, the relevant information source is indicated at the end of the notice by its initials (OTAR or CRE) and, in the case of OTAR, the telephone extension.

Nigeria

Payment for construction works, etc. It is reliably understood that the Federal Military Government has decided that no contracts for construction, consultancy or professional services which are to be executed partially or wholly in Nigeria shall have their price quoted in a foreign currency. Nor will any contract with a foreign exchange element be allowed to include remittance at a fixed rate of exchange.

The Federal Military Government may be prepared to consider exceptional cases, but only where there are very compelling reasons. The draft contract should be submitted to the foreign exchange division of the Federal Ministry of Finance together with an explanation of the reason for seeking exemption.

Inquiries: CRE 01-215 3064.

Pakistan

Powdered milk for babies. The following public notice has appeared in the Pakistan national press:

Import trade control. Public notice No. 12 (79) Import-I dated 13 February 1979. All importers of powdered milk are hereby advised that each tin of powdered milk for babies imported or prepared, shall have clear instructions in Urdu and English regarding its preparations including hygienic aspects of bottle feeding. This requirement should be strictly complied with by all importers concerned.

No further information is available.

Inquiries: OTAR 01-248 5757 ext. 420/475.

Portugal

Imports of foodstuffs and raw materials. *Diario da Republica*, 1st series, 31, 6 February, published regulatory order 28/79 which states that organisations and public sector concerns responsible for importing foodstuffs and raw materials for their manufacture are authorised to import goods up to a limit of 60 per cent of the maximum value set out in decree 66/78. These amounts were as follows:

Importing authority	Products	Maximum amount in dollars
IAPO	Oil seeds and flours, oils, olive oil	214 737 000
EPAC	Cereals and seeds	410 650 000

Importing authority	Products	Maximum amount in dollars
JNPP	Meat, milk and dairy products	23 367 000
CRCB	Cod and frozen fish	14 980 000
AGA	Raw sugar in molasses	58 439 000
JNF	Miscellaneous	327 000
Total		722 500 000

Distribution of these products may not exceed the quantities indicated in legislation applicable during the equivalent quarter of 1978 (regulatory decree 30/78), or the average quantities during the last quarter of 1978 where these latter quantities exceed the average figures for the 1978 programme.

Distribution of amounts in excess of the above will require special ministerial approval. Importation must be in accordance with the Bank of Portugal rules on external credit.

Inquiries: OTAR 01-248 5757 ext. 458/461.

South Africa

Tariff application. Customs tariff application list 10/79, published in the South African *Government Gazette*, 16 March, contains applications to the Board of Trade and Industries for increase in duty on:

1 A Watch straps, of leather or of composition leather, classifiable under tariff subheading 42.03.30, and
  B Watch straps of textile fabric, classifiable under tariff subheading 62.05.50
2 Pneumatic tyres and tyre cases, suitable only for retreading, classifiable under tariff subheading 40.11.70.10
3 Hair-brushes, beard brushes, hair dyeing brushes and bath brushes.

British trade organisations thought to be interested in the applications are being informed. Any British firm affected which wishes to make representations to the South African Board of Trade and Industries and belongs to a trade organisation should, therefore, first contact its own trade association.

If any firm proposes to make independent representations to the South African authorities and requires further information concerning the applications, it should address inquiries to CRE 01-215 5274.

Spain

Import duty amendments. The Spanish *State Gazette*, 26 February and 8 March, published royal decrees 332, 335 and 404, which had the immediate effect of reducing the amount of import duty payable on goods falling within the following CCCN headings:

12.01, 15.07 (linseed products), 63.01 (used clothing, etc, showing appreciable signs of wear), 92.01, 92.02, 92.03, 92.04, 92.05, 92.06, 92.07, 92.08, 92.10 (certain musical instruments).

Inquiries: OTAR 01-248 5757 ext. 458/461.

Syria

Telex. The British embassy in Damascus, Syria is now on telex; the number is BRITEM 11049 SY.

Trinidad and Tobago

Purchase tax. The Trinidad and Tobago authorities have announced a change in the rate of purchase tax to 25 per cent on refrigerators and freezers electrically operated, domestic and under 1 hp (ice cream conservators and refrigerated display units for use in commercial enterprises are exempt from this tax).

Inquiries: OTAR 01-248 5757 ext. 7312.

United States

Food standards. The Food and Drug Administration published on 23 February advanced notices of a proposed rulemaking which offers an opportunity to review the Codex Alimentarius Commission (Codex) – 'The recommended international standard for foods' – and to comment on the desirability and need for a United States standard on the following foods:

Edible acid casein
Edible caseinates
Butteroil and anhydrous butteroil and anhydrous milkfat
Canned mandarin organges
Table olives
Grape juice
Concentrated grape juice
Sweetened concentrated labrusca-type grape juice
Quick frozen bilberries
Citrus marmalade
Quick frozen gutted Pacific salmon
Cocoa butters
Virgin and refined olive oil and refined olive-residue oil
Soft sugars
White sugar

Comments must be received on or before 24 April 1979.

Inquiries: CRE 01-215 5629.

Rims for motor vehicles. The *Federal Register*, 5 March, published an advance notice of proposed rulemaking, by the National Highway Traffic Safety Administration, which will amend Federal Motor Vehicle Safety Standard 120 to require certain performance levels for tyre and rim-component retention to prevent separation of multipiece wheels for motor vehicles other than passenger cars. The agency is also investigating the need to ban the production of multipiece rims.

Comments must be received on or before 5 June.

Inquiries: CRE 01-215 5629.

Dextrins. The United States Department of Treasury has initiated an investigation into an allegation that the European community has granted a production subsidy and premium payments to producers of potato starches – the raw material basis of dextrins.

The treasury has until 6 June to decide whether such subsidies and payments constitute a bounty or grant within the meaning of the United States Tariff Act.

Inquiries: CRE 01-215 5629.

Venezuela

Minimum values. Various Ministerio de Hacienda resolutions have established reference cif prices for items under tariff headings 17.04, 59.08, 60.05, 62.02, 69.11, 69.12, 73.32 and 76.15.

Inquiries: OTAR 01-248 5757 ext. 474/476.

Duty amendments. Ministerio de Hacienda resolution 2233, 9 November 1978, has reduced to 1 per cent the import duty on cigarette papers falling within tariff headings 48.01, 48.10 and 48.15, but permission will be required from the Ministerio de Hacienda for their import.

Resolution 2369 of 11 January has increased to 80 per cent the duty on items falling within certain sub-headings of tariff headings 28.47 and 32.07.

Inquiries: OTAR 01-248 5757 ext. 474/476.

Four Decca navigator system transmitting chains are providing high-accuracy radio navigation coverage over Japan's coastal waters and principal port approaches. As in many other parts of the world, all types of vessels from small fishing craft to large tankers rely on the system for safety and economy of operations. The picture shows the Mk 21 marine receiver.

Overseas trade exhibitions

Britain at Sweden's motor show...

From Ron Taylor, British consulate, Malmö

Sweden's annual motor show held in Malmö this year from 3 to 11 March, even if judged by the attendance alone, was an undoubted success. It is always a popular spring event, the only one of its kind in Scandinavia, and attendance this year reached a record figure of more than 79 000 (about 30 per cent more than 1978). Exhibitors had been forewarned that this part of Sweden was going through its worst spell of winter weather in living memory, and took precautions to get exhibits on site in good time. The halls were bright and colourful and, once inside, the cold and miserable winter conditions were soon forgotten.

The British joint venture, sponsored as usual by the Society of Motor Manufacturers and Traders and the British Overseas Trade Board, was this time made up of 11 companies showing cars and accessories.

On the car side the British contingent was represented by Aston Martin Lagonda, British Leyland, Chrysler, Lola, Lotus, Rolls-Royce, Tiga and Vauxhall.

British Leyland, whose range of models has now been drastically cut down on the Swedish market, showed a Jaguar XJ 4.2, Rover 3500, Range Rover and a specially equipped version of the Mini 1000 called the 'Tough Mini'. Aston Martin Lagonda showed the Vantage model, a striking car in every respect. Chrysler had three versions of the DL super range and Lotus showed its much admired Elite 503, Eclat 52 and its Esprit 52 special, the latter in the well known Colin Chapman/John Player Special colours black and gold. Vauxhall showed the Cavalier GLS Royale (making its debut in Sweden), Chevette GL and a privately owned Chevette Rally Cross car on loan for the occasion. Last, but certainly not least, was Rolls-Royce with a Silver Shadow.

Lola and Tiga were separated from the main car section of the fair and exhibited in the accesories and sports/racing halls. Lola had two models on show, the T490 (S 2000) version and T540 Formula IV 1600 racing car which won the Esso British championship in 1978. Tiga, a newcomer to the event, showed for the first time in Sweden its S 2000 model. This classsification is one which should become popular in Sweden at future racing events, and is already beginning to attract a lot of attention.

On the components and accessories side the British group was represented by Minilite (wheels and accessories including the special wheel custom made for the new Saab turbo car), Mobelec (with its increasingly popular electronic ignition equipment) and Alexander Duckham (motor oils and range of ancilliary products).

The accessories section of the show is always an attraction, catering as it does for everything

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Britain largest exhibitor at Frankfurt fair

Busy time on the Wedgwood stand at the Frankfurt international fair held from 4 to 8 March. British participation is steadily increasing each year at this huge fair. A total of 186 firms participated this year with the backing of the British Overseas Trade Board, compared to 167 last year and 149 in 1977.

and at Gothenburg's auto trade fair

From Kurt Lundin, British consulate-general, Gothenburg

Gothenburg's fifth international auto trade fair featuring motor-workshop, service-station, and garage equipment, held between 7 and 11 March, attracted about 20 000 trade visitors. Many of the most important motor trade executives in Sweden participated in a series of conferences combined with visits to 160 stands of 550 exhibiting companies from 19 countries.

It was a busy show where hundreds of machines and accessories were in constant use, demonstrated to representatives of a vital servicing industry. There are more cars per capita in Sweden than in any other European country. Almost every family owns a car. At the filling stations labour costs have been reduced to a minimum and motorists have to do simple jobs themselves: filling petrol, tyre pressure and car wash. Attendants are used for easy repair work so there is a high demand for tools, instruments and machinery.

The stringent environmental regulations for repair shops, tighter exhaust demands on motor cars and improved servicing methods generally, made Auto '79 a special forum for new products and ideas. Latest equipment for testing and control, car body repairs, paint spraying, jacking cars and lorries could be studied.

The British joint-venture stand was sponsored by the Society of Motor Manufacturers and Traders, and the British Overseas Trade Board. Seven British exhibitors had an attractively designed stand manned by many British representatives and in several cases supported by their Swedish agents.

The visitors included technicians and buyers from the main Swedish motor manufacturing companies and executives from motor trade agents/importers and retailers. In several cases UK companies claimed to have made excellent contacts not only for Sweden but for Scandinavia in general.

One UK company made a contact for an agency agreement covering the whole of Scandinavia and further business contact with an American company. Many orders were taken at the fair and several hundred inquiries are to be followed up afterwards. One of the UK companies had received inquiries for approximately £500,000. Success is reflected by the fact that immediately after the fair most of the UK companies taking part said that they would come back in 1981.

The next auto fair is planned for 25 February to 1 March 1981 and is expected to contain even more electronic and automatic machinery. Technology advances very quickly in this trade and it is vital to keep pace with developments.

Argentina

Trade and Industry special report

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Time to make a move

Not so long ago you couldn't keep British businessmen out of Argentina. Commercial opportunities generated by recent economic developments should be having the same effect now. This article explains why our exporters should take more stock of this rapidly emerging market.

Memories of economic strength: the clock tower in the Plaza Britannica.

Less than 100 years ago, British businessmen were falling over themselves to invest in Argentina. They couldn't pump money into the country fast enough: in 1889 alone an estimated 40 per cent of available British investment, was directed there and by 1900 the value of UK capital in Argentina stood at £189 million[1].

By the time the fever had subsided it had laid the foundations of what has been described as the 'golden age' of the Anglo-Argentine relationship in the early twentieth century. At that time Argentina had no better customer for her goods and Britain no rival as a supplier. The close relationship brought thousands of Britons into the country – to run the railways, the gas and waterworks and the docks, to farm the rich pampas, or 'camp' as it is known locally, and to set up banks and businesses of all kinds. They created one of the largest overseas British communities, anywhere, with the possible exception of India.

Special report written and edited by **Gillian Samuel**

By 1927 the 'Book of the bazaar', a record of the activities of the British community in Argentina, had to point out that it was impossible 'to enumerate the commercial undertakings with which British enterprise and capital has honeycombed this great republic'. But, the author went on, 'we know full well that if it were not for British help in agriculture, cattle-raising, railways, shipping, finance and every department of commerce, the Argentine would not stand where it does today'.

Halted by the war, British investment now (1976 figures) stands at $436.7 million, a fraction of the turn-of-the-century figure in real terms, and in 1976 less than 1 per cent of our total overseas investment went to Argentina. But our influence and reputation in the country are not so easily diminished. There are still many buildings in Buenos Aires, including the main railway station and the British Hospital, as well as the clock tower in the Plaza Britannica, which recall our days of economic hegemony. There remains too a large British community, although many members are now Argentina-born, and a network of prestigious English schools – St George's, St John's and St Andrew's, to name but three – which ensure that English continues to be widely spoken. And the strong British heritage bears up well among the other influences (Italian and Spanish for example) which make up Argentina's European culture, leaving a strong fund of goodwill which not even the dispute over the Falkland Islands can dislodge.

[1] H. S. Ferns 'Britain and Argentina in the nineteenth century'.

Seventh supplier

With the slump in British investment since the war has come a decline in trade. Once Argentina's principal commercial partner, Britain is currently seventh in the league table of Argentina's main suppliers, behind the United States, West Germany, Japan, Brazil, France and Italy (see below). The trade figures for 1977 showed healthy signs of an improvement in our export performance, which was over 100 per cent better than in 1976 (see page 4). Hopes of a sustained improvement were marred by the recession last year, which kept imports generally at a lower level. Nonetheless, although British exports, at £113 million, were lower than the previous year, our market share was only 0.5 per cent down.

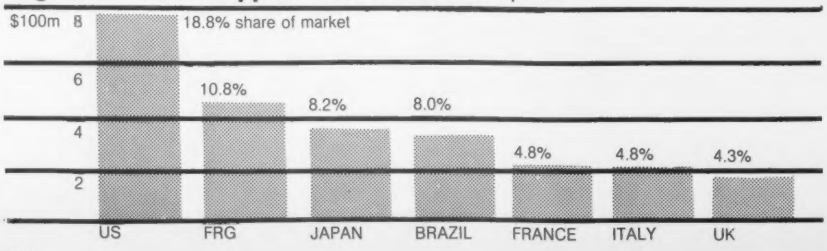
In the meantime conditions for trade in Argentina have been transformed by economic developments during the last couple of years (see page 14): over two-thirds of the country's $6 billion reserves are freely disposable – enough to pay for more than a year's imports; the system of payments for imports has been greatly liberalised, especially for capital goods; credit insurers all over the world, including the Export Credits Guarantee Department in Britain are now favourably disposed towards the market; and, perhaps most important of all, Argentina has now embarked on a major programme to reduce tariff barriers and import restrictions.

Economic package

Proposals for a gradual reform of the import tariff were contained in a package of measures announced at the turn of the year by the Ministry of the Economy designed to arrest what are seen as Argentina's two main economic problems – the rate of inflation (currently 170 per cent annually) and a low level of industrial activity. The package included a predetermined, decreasing and published rate of devaluation of the Argentine peso in terms of the dollar for business transactions over the first eight months of this year; a fixed rate of monthly increase (4 per cent) in the minimum official wage, with allowance for additional flexibility in private sector settlements; cuts in public investment and the maintenance of restraints on total public expenditure, plus a reiteration of the obligation on the private sector to justify increases in prices; and provision for the prices of goods and services supplied by the state (petrol, gas and electricity) to rise at a decreasing rate over the first eight months of this year.

Imported goods are to be grouped into seven categories for the levying of duties to be reduced progressively over a period of five years from 1 January this year (see page 4). The government is particularly keen to stimulate imports of capital goods in order to secure the machinery and equipment necessary to expand and modernise Argen-

Argentina's main suppliers 1977: value of exports



tinian industry and, for one year, the current 10 per cent tariff for imports in this category will be abolished. Studies to discover the possibilities for further reductions in the requirement for import licences were also announced.

Also in the package is new legislation for the motor-car industry, re-opening the possibility of imported made-up cars, hitherto on the banned list. The new law will allow the import of cars and commercial vehicles with a customs duty of 95 per cent and 65 per cent cif *ad valorem;* these duties will fall on a sliding scale until 1981 to 55 per cent for cars and 45 per cent for commercial vehicles. As an initial protection for local industry, a minimum price of $3.50 per cm³ of engine capacity has been set for cars and car chassis with engines, and $6 per kilo for the commercial equivalent. On the components front, the new law allows local automotive plants to import vehicle components on a scale which will rise to 15 per cent of total quantity of components required for assembly but at much higher duties (65 per cent cif *ad valorem*) than previously.

As a consequence of the new legislation advertisements already placed in the Argentine press offering the public imported, made-up quality saloon cars from Germany (Mercedes Benz) and France (Citröen) have been attracting much attention.

The latest economic package plays an important part in the government's overall programme of legislation covering foreign investment, the transfer of technology, industrial promotion (see pages 15 and 18) and risk contract oil operations (page 12).

So Argentina has the resources, credit and import framework for increased trade with the outside world but, as the sceptic might ask, what about demand in a market affected by recession? Apart from the fact that the recession isn't expected to last – according to government (see page 18) and most on-the-spot businessmen – demand is bound to be boosted by the government's much increased overseas spending power. Far from sitting on Argentina's balance of payments good fortune, the government is determined to make it available to buy all that Argentina needs for her long-term economic development.

In the public sector government has already launched a series of major initiatives in the energy field: early work has started on the Yacyretá-Apipe hydro-electric scheme on the River Paraná, a joint venture with Paraguay; the state gas corporation, Gas del Estado, is planning a major new gas pipeline in central and western Argentina; and, to develop the country's largely untapped hydrocarbon deposits, there is an extensive exploration project covering 20 sites, on and offshore, now out for tender under a risk contract law published by the state petroleum agency, Yacimientos Petrolíferos Fiscales, last year (for further details, of all three projects, see pages 12 and 13).

The government has also given the go-ahead to a string of other projects, from nuclear energy, water, rail and road transport, and agriculture, to communications and drinking water projects (see pages 5 and 6). And British consultants, in conjunction with Argentine companies, have just been awarded four out of six studies to be carried out in the framework of Argentina's national transport plan.

Apart from energy, the next most dynamic sector is agro-industry. To enable Argentina to make the most of her agricultural resources, the government is encouraging the large-scale development of food-

The British influence: reproduced by courtesy of Horatius – *Buenos Aires Herald.*

Argentina's oldest friend in Europe

Britain's chargé d'affaires in Argentina since July 1977 is Hugh Carless. He was head of the Latin American Department at the Foreign and Commonwealth office from 1973 to 1977 and was awarded the CMG in 1976.

Despite Britain's changed position in the world, there is no question, said Hugh Carless, that there is a very large residue of goodwill towards Britain in Argentina. 'Many Argentines look to Britain with respect and a desire for a renewal – in modern form – of the close relationship which linked the two countries in the past.'

Mr Carless described some of the strong ties remaining as 'residual, stemming from the dominant economic position – on the railways, in agriculture and in shipping – that Britain had here'. Others, he said, continued through institutions 'such as, for example, the 11 bilingual secondary schools in Buenos Aires where instruction is both in Spanish and in English, which is taught up to A-level. These schools produce a large number of educated people who understand British history and British attitudes and who retain some affection for Britain, all of which provides a good basis for doing business'.

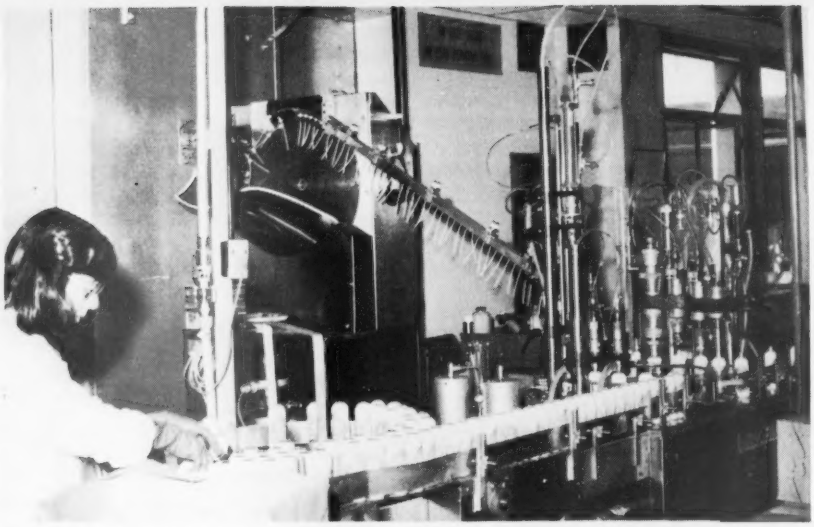
Mr Carless does not believe that the dispute between Britain and Argentina over the Falklands would necessarily put Britain at a commercial disadvantage. 'It is perhaps an issue which takes the form of an irritant from time to time, but over the last 10 years when we've been in discussion we've maintained a constructive dialogue with Argentina on this subject. I don't believe we can point to the dispute as a major factor which has stopped our trade or lost us contracts.'

Referring to a recent Argentinian decision to choose West German frigates in preference to British ones, Mr Carless pointed out that it was a preference which had emerged over a period of years and that there was a large number of factors involved. 'One was the amount of investment that the German industry was prepared to put into Argentinian shipyards. Another one was a hankering to try to get the newest technology, and the German design – although it is still only on the drawing board – will include British engines and propulsion units and equipment from other Nato countries.'

Commenting on Britain's recent export performance, Mr Carless said that even though Argentina's imports generally were down during 1978, British exporters had held their position, maintaining their 4 per cent share of the market – 'a higher share than we have elsewhere in Latin America'. This indicated, he said, that the distinct improvement in British exports in 1977 (£130 million) was no flash in the pan. 'Since then we have won some useful orders.'

Although Mr Carless believed there were 'grounds for optimism' about an end to Argentina's recession before long, he felt that it would 'depend partly on outside factors – on growth in the advanced countries, stability in the Middle East and a higher rate of foreign investment in Argentina, which hasn't yet come forward in a marked degree'.

He agreed that some overseas investors were still nervous about the high inflation rate in Argentina. But, he said, 'some Argentinians may have learned to live with it. I think it is an unhealthy trend and it is unfortunate that this high level of inflation is still persisting. If the Argentines can get it under control then I think they themselves would begin to feel that economic conditions are stabilising and this would encourage investment, national and foreign.'



New British-built aerosol-filling lines installed at the Lever y Asociados SACIF factory in Buenos Aires. The lines were manufactured and installed by Aerofill Ltd of Hayes.

UK–Argentina trade 1977 and 1978

Value in £ thousand

	1977	1978
Imports from Argentina		
Meat and meat preparations	32 980	46 711
Fish, crustaceans, molluscs and preparations	3 015	2 667
Cereals and cereal preparations	11 122	3 793
Vegetables and fruit	2 071	2 572
Coffee, tea, cocoa and spices	8 170	3 771
Tobacco and tobacco manufactures	991	1 928
Oil seeds and oleaginous fruits	207	17 625
Textile fibres and their wastes	22 881	21 792
Metalliferous ores and metal scrap	2 394	3 079
Crude animal and vegetable materials n.e.s.	2 534	1 390
Fixed vegetable oils and fats	5 757	5 440
Organic chemicals	1 000	1 567
Inorganic chemicals	5 393	10 322
Leather, leather manufactures, n.e.s.	5 307	3 783
Textile yarn, fabrics, made-up articles n.e.s.	1 517	3 205
Iron and steel	869	7 116
Office machines and automatic data processing equipment	4 984	5 314
Miscellaneous manufactured articles	2 107	2 663
Various	7 275	8 453
Total imports	120 574	153 191
Exports to Argentina		
Beverages	3 590	4 858
Organic chemicals	4 735	2 982
Dyeing, tanning and colouring materials	3 026	1 129
Medicinal and pharmaceutical products	2 769	2 313
Artificial resins and plastic materials	1 386	1 428
Chemical materials and products n.e.s.	4 248	3 142
Paper and paperboard	1 367	2 290
Textile yarn, fabrics, made-up articles n.e.s.	628	1 294
Non-metallic mineral manufactures n.e.s.	2 557	2 216
Iron and steel	6 297	3 219
Non-ferrous metals	2 406	3 093
Manufactures of metal n.e.s.	1 364	3 088
Power generating machinery and equipment	14 770	8 599
Machinery specialised for particular industries	12 803	18 089
Metalworking machinery	1 095	2 890
Gneral industrial machinery and equipment n.e.s.	10 557	8 253
Office machines and automatic data processing equipment	2 227	1 419
Telecommunications and sound recording	2 796	6 352
Electrical machinery, apparatus and appliances n.e.s.	3 366	4 269
Road vehicles (including air cushion vehicles)	2 981	5 406
Other transport equipment	30 996	13 561
Miscellaneous manufactured articles	5 885	6 661
Various	8 442	7 275
Total exports	130 291	113 826

Source: *Overseas Trade Statistics of the United Kingdom.*

processing plant for meat, dairy, cereal and fish products. Argentina's fish resources are still largely undeveloped and the government has authorised a feasibility study off the south Atlantic coast, believed to be rich in hake. Contracts, in the form of experimental concessions, have been awarded, one to a German consortium, and another to the Japanese. If successful, the study could lead to considerable demand for foreign know-how and equipment, via joint ventures to establish a trawler fleet and port facilities and set up onshore factories. Elsewhere in the agricultural field, there is likely to be considerable investment in equipment and technology to improve yields: fertilisers, tractors and all kinds of agricultural plant will be very much in demand.

UK-Argentina trade 1976

Value in £ thousand

	1976
Imports from Argentina	
Meat and meat preparations	34 210
Dairy products and eggs	41
Cereals and cereals preparations	9 326
Fruit and vegetables	1 206
Sugar, sugar preparations and honey	407
Coffee, tea, cocoa, spices and manufactures thereof	3 533
Feeding stuff for animals	92
Hides, skins and furskins, undressed	1 211
Textile fibres not manufactured	17 123
Metalliferous ores and metal scrap	1 909
Crude animal and vegetable materials, n.e.s.	1 594
Fixed vegetable oils and fats	980
Chemicals	2 803
Machinery and transport equipment	4 586
Miscellaneous manufactured articles	734
Various	10 358
Total	90 113
Exports to Argentina	
Food and live animals	187
Beverages and tobacco	2 442
Crude materials, inedible, except fuels	1 149
Chemical elements and compounds	4 632
Dyeing, tanning and colouring materials	2 120
Medicinal and pharmaceutical products	1 411
Plastic materials, regenerated cellulose and artifical resins	1 332
Chemical materials and products n.e.s.	1 471
Paper, paperboard, and manufactures thereof	1 425
Textile yarn, fabrics, made-up articles, etc	135
Non-metallic mineral manufactures n.e.s.	849
Iron and steel	8 135
Non-ferrous metals	2 050
Manufactures of metal n.e.s.	1 279
Machinery, other than electric	20 169
Electrical machinery, apparatus and appliances	3 678
Transport equipment	3 756
Professional, scientific and controlling instruments; photographic and optical goods; watches and clocks	462
Miscellaneous manufactured articles n.e.s.	506
Various	6 168
Total	63 356

Source: *Overseas Trade Statistics of the United Kingdom.*

The private sector is generally likely to be slower to take off, while industrialists watch for signs of a renewed decline in the inflation rate. Reaction of Argentinian industry to increasing foreign competition varies from sector to sector. Take Alpargatas SAIC, for example, which concentrates, among other things, on textile and footwear production. President Eduardo Oxenford explains: 'The textile industry has become very capital-intensive over the last decade and we are able to compete successfully against low-wage producers by investing in up-to-date equipment. We have built a new plant which began operations last year with investment of $58 million, and we are planning another for next year with investment of about $45 million. Our footwear business, however, is in a very different position. The type of footwear we make, with plastic or rubber soles and mainly textile uppers, faces very heavy competition from Korea and Taiwan, which are very low-cost producers. Should Argentina lower its present import surcharges substantially it is probable that we will face very tough competition from imports from both these countries. If that happens, making imported products cheaper than those produced locally, we will probably have to cut back on our own manufacturing operation.'

But in the majority of sectors, as one locally based foreign industrialist put it, 'Industry will soon start investing like never before. There is a great deal to be done to simply renovate equipment without extending productive capacity.' One private Argentine company anticipating an expansion of the market is Alimentaria San Luis SA. Earlier this year ECGD guaranteed repayment and funding of a loan to help the firm purchase £10 million worth of British equipment for a biscuit-making plant in Argentina (see *Trade and Industry*, 26 January, page 168).

Petrochemicals is a good example of a sector on the move – and one which, with metal

Import tariff reform

For the purpose of import duties Argentina has grouped products into seven categories as follows:

- ☐ Food, drinks and tobacco
- ☐ Consumer goods, parts and spares
- ☐ Capital goods, parts, and spares
- ☐ Intermediate goods
- ☐ Raw materials and basic products of agricultural origin
- ☐ Other raw materials and basic products
- ☐ Products not produced in Argentina.

On products where tariffs are lower than those now to be promulgated, duty will remain unchanged until the tariff on other products in the class is reduced to the same level. The aim is to achieve by the end of the term a difference no greater than 30 percentage points between the minimum and the maximum tariff, that is, if the minimum is 10 per cent the maximum would be 40 per cent. For further details, see *Trade and Industry*, 'Country Data,' 19 January, and 2, 16 and 23 February.

continued on page 8

Argentina's investment projects in the public sector

Project	Total cost US$ million	Imported component US$ million	Starting date	Present state Oct 1978	Brief description
Energy					
Potrero del Clavillo	132	12	1980	To be started	A dam with a work volume of 120 Hm³. The station will have an installed power of 125 MW
Sorrento 'B'	40	3	1972	In execution	Steam turbine of 160 MW
San Nicolás	110	21	1973	In execution	Steam turbine group with a nominal power of 350 MW
Rio Grande	354	47	1974	In execution	Pumping station of 4 × 1375 MW
Agua del Toro	56	—	1973	In execution	2 × 65 MW (Francis)
Los Reyunos	98	15	1974	In execution	Pumping station of 2 × 112 MW (Francis)
Luján de Cuyo	123	31	1975	In execution	Steam turbine of 125 MW, gas turbine of 110 MW
Güemes	134	39	1978	In execution	Gas turbine of 110 MW
Other generating works (thermal)	270	59	Permanent	In execution	Equipment
Transmission and telecommunications	687	61	—	—	Equipment for high-tension transmission
National interconnecting grid	492	141	Permanent	In execution	Special high-tension equipment
Sub-transmission and distribution	790	27	Permanent	In execution	Transforming and distribution to users
Costanera (group 7)	123	46	1976	In execution	Gas turbine of 310 MW
Transmission	444	124	Permanent	In execution	High tension transmission equipment
Distribution	397	—	Permanent	In execution	Stations and transformers
Alicurá	684	197	1979	About to begin (part tendered)	Hydro-electric station of 3× 250 MW includes high tension line Alicurá-Choele Choel-Bahia Blanca
Line A.T.	167	49	1980	Still to be begun	Connection Bahia Blanca – national interconnecting grid
Arroyito	78	18	1975	In execution	Hydro-electric station 3 × 40 MW
Planicie Banderita	49	14	1977	In execution	Compensating dam
Salto Grande	558	195	1973	In execution	Multiple project – Hydro-electric station of 1980 MW (14 Kaplan) + (an Argentine and non-Argentine works)
Yacyretá	3 200	1 100	1980	To be begun	Multiple hydro-electric scheme. Power between 2700 and 4050 MW, to be decided
Nuclear energy					
Prospecting and evaluation	80	7.3	—	In execution	Locating of material to be used by the organisation
Malargüe y Tanco Complex	10	—	—	In execution	Amplification of production capacity of concentrates
Sierra Pintada	69	—	—	In execution	Mining and industrial complex
Atucha II	518	170	1979	To be begun	A nuclear electric station of 700 MW
Industrial heavy water plant	270	103	To be determined	To be begun	250 tons per year industrial plant
Water transport					
Construction of fishing boats and processing plants	99.8	51.7	1979-80	Under study	Fisheries development project
Extension and restructuring of port works	4.2	—	1979-80	Under study	Fisheries development project
Construction of tankers for transportation of 105 000 TGW	116	40	1979-80	Under study	2 vessels of 15 000 TGW and 5 of 35 000 TGW
Construction of 13 tankers for supply of sub-products 84 000 TGW	49	17	1979	Under tender	4 barges of 3000 TGW 6 tankers of 6000 TGW 2 tankers of 15 000 TGW
Loading point for tankers at Bahia San Sebastián	9	2.7	1979	To be put out to tender	Mooring buoy
Loading point for tankers at Puerto Rosales	8	5	1979	To be put out to tender	Mooring buoy
Construction of 3 reefer vessels of 350 000 cu ft capacity	57	22.8	1979	Under study	Instruments and naval steel. Main component to be imported. Dredging equipment renewal programme
Construction of 4 suction dredges and 66 auxiliary vessels for dredging and studies	136.2	55	1979	Under study	
Construction of 10 cargo vessels of 15 000 to 18 000 TGW	165	58	1979	Under study	Renovation of Elma fleet. Imported components; Naval steel and instruments
Commercial, fishing, and industrial port along with national defence installations, approaches, and complementary works	1 500	To be determined	1979	Under study	
Acquisition and installation of gantry cranes from 6.5 to 12.3 tons	27.2	15	1980	Under study	To replace obsolete equipment and speed up cargo movement
and from 6 to 27 tons	16.12	9			
Gantry cranes for 40 ft containers	8.9	4	1980	Under study	To equip the wharf for container vessels
Lorry-mounted cranes 6 of 140 tons and 12 of 50 tons	11.5	7	1980	Under study	To facilitate movement of merchandise in areas far from the wharves
Rail transport					
Replacement of electric coaches on the Mitre railway	59.3	48.9	1979	To be put out to tender	Modernisation of existing rolling stock and of fixed installations providing electric energy for traction
Acquisition of equipment for heavy mechanised track conservation work	11.7	10.7	1979	To be put out to tender	This concerns geometric track correction equipment
Signalling system for Retiro station terminus Mitre line	7.0	2.1	1979	To be put out to tender	Includes an electric system for the operation of 160 railway signals
Acquisition of 250 diesel electric locomotives	175.0	70.0	1975	Contracted	Incorporation of 2475 hp and 1650 hp locomotives for both wide and narrow gauge, eliminating steam traction
Links between lines A and E of the underground railway system and repair shops	57.3	1.6	1979	To be put out to tender	Extension of line E, with tunnelling and one station
Extension of Line B underground	48.1	9.5	1980	To be put out to tender	Construction of 3.65 km of tunnel to link to stations Federico Lacroce and Villa Urquiza
Extension of underground Line A	23.1	9.0	1979	To be put out to tender	Construction of extension between Primera Junta station and Nazca station
Installation of turnstiles and ticket issuing machines	21.3	6.6	1980	To be put out to tender	600 turnstiles with electronic heads and 300 ticket issuing machines
Extension of underground Line D	39.9	—	1977	1st stage in execution	6.6 km of tunnel, 8 stations, coach storage areas, work shop
New underground Line F	32.3	—	1979	At project stage	8.8 km of tunnel, 14 stations, coach storage areas, work shops

	Total cost US$ million	Imported component US$ million	Starting date	Present state Oct 78	Brief description
Road transport					
Plan for reconstruction of national road network	279.0	36	1979	Project entering stage of execution	Repaving of 2127.3 km of sections of roads, including widening from 6.70 to 7.30 m. The imported component refers to road machinery and equipment
IV loan from IBRD for paving of road sections	264.5	54	1978	Call for tenders	Paving of 1320 km of sections of roads throughout the country. The imported component refers to road machinery and equipment
Agricultural					
Construction of 24 plants for grain storage, of 100 000 tons capacity each	193.7	30.8	1979	Call for tenders	Imported component: equipment for movement of grain
Communications					
Acquisition and installation of global radio network systems	33.0	18.0	—	To be put out to tender	
Acquisition and installation of 6000 teleprinters	17.6	14.5	—	To be put out to tender	
Acquisition and installation of automatic equipment	44.3	4.00	—	To be put out to tender	
Inter-urban automatic centres network 1979-81, acquisition and installation	68.6	51.3	—	To be put out to tender	
PCM system 300 lines 30 channel systems and 7000 repeaters	8.8	6.1	—	To be put out to tender	
Construction and installation of 280 urban exchanges throughout the country	384.4	—	1979	To be put out to tender	Includes the construction of buildings, installation of equipment, and external networks
Extension of telex services throughout the country	47.9	—	1979	To be put out to tender	
Construction and installation of 32 000 inter-urban switch-board lines	11.8	—	1979	To be put out to tender	
Third aerial for satellite communications	10.0	8.0	1979	To be put out to tender	Standard 'A' aerial, transmission equipment and associated reception and multiplex installations
Installation of radio link and high and low capacity co-axial cables between 72 localities in the country, and their subsidiary points	29.7	—	1979	To be put out to tender	
Extension and modernisation of long-distance communications infrastructure	193.7	118.9	1979	Direct tender and contract	Multiplex equipment and co-axial cables
Oil					
Production and drilling programme 1978-81	2,000	320	1978	In execution	Drilling programme of approximately 500 wells per year. Imported component: drilling equipment

	Total cost US$ million	Imported component US$ million	Starting date	Present state Oct 78	Brief description
Gas					
Ethane plant	16	3.4	1074	In execution	Capacity for treatment of 18 million m³ a day of gas. System to be used: Turboexpander Areas of processing: a Preparation of the gas b Cryogenic section itself with demethanising stage c Cracking of demethanised liquid flow d Ethane conditioning
Extension of northern gas line, second stage	15	1.7	1977	In execution	Section of gas pipeline parallel to already existing section (L = 138.4 km – ø = 24") with connections and installation of by-pass and venting in all existing lock valves in existing pipeline (L = 390 km – ø = 16")
General Cerri and Galván storage areas	3.7	0.34	1977	In execution	Installation of 2 spherical tanks of 2350 m³ each for propane; 1 spherical tank of 3260 m³ for butane, 1 vertical cylindrical tank of 5000 m³ for gasoline; 2 spherical tanks of 3530 m³ each for propane; 2 spherical tanks of 5430 m³ each for butane
Extension of Gral San Martin gas pipeline, second stage	57.42	36	1979	To be begun	Installation of 4 compressing plants with a total increase in compressing capacity of 66 000 hp. Installation of industrial type for control and operation of units
Extension of Gral San Martin gas pipeline, third stage	11.33	12.6	1982	Under study	Installation of 2 compressing plants with an increase in compressing capacity of 36 000 hp. Gas pipeline parallel to section already in existence of 253 km in length and 30" – ø
Extension of northern gas pipeline, second stage	33	17.16	1979	Under study	Install new compressing plants and increase the existing installations by a total of 44 000 hp. Equipment in view: Motor compressors with a maximum compression relation of r = 1: 1.8 and 2000 hp each
Central western gas pipeline	324	102.3	1979	To be put out to tender	Trunk gas pipeline of 1100 km with an approximate diameter of 30" and necessary compressing plants, and 600 km of feeder lines of 8", 12", and 18" ø
Drinking water					
System of major aqueducts in central area of country	540.0	35.0	1980	To be put out to tender	The imported component is made up of: installation machinery, asbestos fibre, cement, pre-stressed concrete plant, equipment for cement plants, and transport elements and workforce

British exporters requiring further information about any of these projects should contact Commercial Relations and Exports Division, Department of Trade, 1 Victoria Street, London SW1H 0ET tel. 01-215 5287.

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continued from page 4

working, is on the shopping list of the Under Secretary of State for Foreign Investment when he is in London in May (see page 18).

Foreign investment in this sector is already fairly well-subscribed – one of the largest foreign investments in petrochemicals in Argentina belongs to ICI through its local company Duperial. In the early 60s the company invested near Rosario in a sulphuric acid plant, a phthalic anhydride plant, a low-density polythene plant, a dyestuffs plant, and a carbon bisulphide plant.

Home-grown investment in petrochemicals is also fairly strong. The Electroclor company, in which Duperial has a 30 per cent holding, employs 650 near Rosario producing vcm/pvc and a variety of other chlorinated chemicals, mainly for the domestic market. In its largest single investment since it started up in 1938, the company is working on plans for a new pvc plant in Bahía Blanca and a jointly owned vcm plant, with Indupa and Fabricaciones Militares, at the new petrochemicals complex in Bahía Blanca, 400 miles south of Buenos Aires.

In some areas state investment is giving the lead to investment by the private sector. In steel, for example, the state corporation, Somisa, is planning investment worth a total of $707 million between 1977 and 1982 to boost output from 2 to 4 million tons annually: among the projects planned or already installed are a new sinter plant, a third LD converter, a new continuously operating furnace for the reheating of heavy slabs, a rolling mill for flat slabs, and the expansion of foundries and general services. Another state enterprise, Altos Hornos Zapla, has planned a new fine rolling mill with a capacity of 300 000 tons per year. Development plans have also been laid by a number of other companies: Dalmine Siderca is spending some $300 million on expanding its steelworks and extending capacity for rolling seamless tubing; a further $200 million is being spent by Acindar on a direct reduction plant to produce 462 000 tons of sponge iron every year; and Sidinsa, which as a state majority shareholding, is proceeding with plans to set up an integrated plant at Bahía Blanca for the production of rolled sheet steel to a capacity of 3.8 million tons, with investment between 1976 and 1987 amounting to $3,150 million.

Consumer goods

But what of the demand for consumer goods? Argentina may have only 26 million inhabitants but there is little doubt that they are accustomed to a standard of living higher than anywhere else in Latin America. The visitor will notice, for example, no conspicuous poverty among the indigenous population, even if there is a depressing shanty-town air of deprivation among Bolvian immigrants huddled around the docklands in Buenos Aires. Although in general inflation has greatly reduced purchasing power, and with it standards of living, low unemployment plus a shortage of skilled labour has made it possible in some areas for the work forces to obtain wage increases above the rate of inflation. Those who can are putting money into bricks and mortar, encouraged by the abolition of the rent law which has kept rents unrealistically low for years. But many people are also finding money to indulge their fascination for imported consumer goods – clothes, food and scotch whisky, among others – to which they were denied access for so long by import restrictions. And they are also indulging in the Argentine fascination for foreign travel.

One of the major shop-windows for consumer goods is Harrods (Buenos Aires) Ltd, the capital's only departmental store. Managing director Richard Ahrens estimates that the store now draws a daily traffic of 15 000 to 20 000 customers. One of the secrets of the store's success has been the use of promotional techniques, which are fairly new in Argentina, including exhibitions of foreign goods. Next month, for example, Mr Ahrens plans to turn over a whole floor at Harrods to imported goods. He points out that the market is still 'a bit narrow and upper end'. Expensive foreign goods have a certain snob value, he says, and packaging is very important even for luxury goods.

A large number of the products on sale at Harrods come from the UK and Mr Ahrens described shoes, cloth, tea, porcelain and toys as 'established goods'. But business in imported goods will grow, he says, 'You have to remember that this market was like a desert as far as imported goods were concerned.' He advises exporters planning to investigate the market to arrange to bring samples and to take care in selecting a distributor, pointing out that suitable outlets for imported consumer goods are as yet few and far between.

Approaching the market

Goodwill generated by the historical ties gives British exporters who chose to make the effort in Argentina something of a head start, but this is not a market which will be won by complacency. Business will go to exporters who establish personal contact with frequent visits and, despite the fact that English is widely spoken, the best impressions will be made by those who take the trouble to acquire a working knowledge of Spanish.

Exporters should also make sure they are well-briefed about conditions in the market. Argentina is a rapidly developing country, as we have seen, but it is far from being underdeveloped. As Eric Campbell, chairman of the British Chamber of Commerce, emphasised, 'This is a sophisticated country with a high business standard. We can provide excellent legal and commercial advice and have good trade associations.'

To keep in touch with day-to-day business, on-the-spot representation is important. Firms might choose an agent, or, if sufficiently attracted by the new conditions for investment, they might wish to consider opening a subsidiary operation. But perhaps the best method of breaking into the market is through co-operation with an Argentinian firm. Mr Oxenford of Alpargatas would endorse the last method: 'I believe that in most industries the best way for any foreign company to enter the Argentine market is via joint ventures with partners here.' He pointed out that local economic and financial conditions could be very complicated for the foreigner. 'The financing of working capital with very high inflation requires a special financial acumen.'

In most cases the embassy in Buenos Aires (see opposite) can provide advice and arrange appointments, but exporters wishing to make use of embassy facilities should first contact the Department of Trade in London (Export House, 50 Ludgate Hill, London EC4M 7HU, and Commercial Relations and Exports Division 3, 1 Victoria Street, London SW1H 0ET, tel. 01-215 5287). Facilities for the visiting businessman are also available from the British Chamber of Commerce in Argentina (25 de Mayo 444 fifth floor, 1303 Buenos Aires, tel. 32 6673).

It seems that British exporters are only now becoming aware of the tremendous business opportunities opening up in Argentina – but a healthy sign was the 50 per cent increase in British business visitors to the embassy's commercial department last year. Four out-

On-the-spot assistance

In Buenos Aires the commercial department of the embassy has a first secretary and three commercial officers working under the direction of the commercial counsellor. They maintain contact with Argentine government departments, local firms, and foreign firms operating in Argentina; and they work closely with the British Chamber of Commerce in Buenos Aires. During 1978 the number of British business visitors calling on the commercial department increased by 50 per cent over the previous year and requests received from British firms for the department to find agents or representatives for them more than doubled. A further measure of increasing British interest is that after a period in which there were almost no British trade missions to Argentina, four missions visited in 1978, and twice that number are expected this year (see below).

With the present government's determination to modernise obsolescent sectors of Argentine industry, and the extensive public sector development plans, particularly in the field of energy, there is a good deal of business to be done. Personal visits and the appointment of effective agents and representatives are of great importance if continuing business is to be built up; the commercial department with its combination of UK-based and locally engaged staff has a good knowledge of the market, and is in a strong position to help British exporters seize the opportunities open to them.

The embassy's address: British Embassy, Commercial Department, Dr Luis Agote 2412, (PO Box 2050), Buenos Aires, tel. 80-7071/9 80-7011, telex 121666 AR Proba.

Proposed missions to Argentina 1979

Mission	Proposed date
The Birmingham Engineering and Building Centre	31 Mar to 6 Apr
Manchester Chamber of Commerce	Late May
Ship and Boat Builders National Federation	5 to 9 Jun
British Food Export Council	Late Jun
Federation of Sussex Industries	1 to 5 Sep
Birmingham chamber mission	Late Oct
Publishers Association	Late Oct

ward missions last year – by the London chamber of commerce in April, the Birmingham Chamber of Industry and Commerce in May, the Committee on Invisible Exports in July, and the Hereford Herd Book Society in September – pushed the door revealingly ajar and this year's UK missions programme (see below) is looking busy enough.

But exporters from other countries – including the United States, and West Germany and Italy among our EEC partners – have been much quicker to recognise the commercial implications of Argentina's external account recovery and new economic policies. There is still time for British exporters to improve their share of the market, but this year could be critical. Our chance will be lost if we allow our competitors a clear field as Argentina emerges from recession to trade for her future.

Assessing the market

Steven Mackenzie, director general of Canning House, describes the purpose and programme of the forthcoming Canning House economic seminar on Argentina.

Members of the Latin American trade advisory group decided over a year ago that Argentina's rapid recovery from her earlier economic and political difficulties made the market a fit subject for the next Canning House economic seminar.

Argentina's balance of trade with the UK in the past has been mainly in its favour, and Argentine development plans offer a wide market for British goods, know-how and potential investment. Britain, as we have seen, is failing to exploit all the opportunities, which (albeit in the face of strong European and other competition) are open to us and the chief purpose of this year's one-day seminar, at the London Hilton on 3 May, will be to make a detailed presentation and assessment of the country's current economic position and prospects and to draw delegates' attention to the trading and investment opportunities in Argentina.

Programme and speakers

Canning House has arranged a number of successful economic seminars on this scale in the last few years, notably those on Mexico in 1977, Brazil 1976 and Venezuela 1975. The seminar on Argentina will follow the same pattern. It will include keynote speeches in the morning by leading personalities from the public and private sectors, and an afternoon devoted to detailed discussion of different aspects of the economy in smaller groups.

The keynote presentations will be made by the Argentine Minister of the Economy, Dr Martinez de Hoz, and by the president of Argentina's largest manufacturing company, Alpargatas SAIC, Eduardo Oxenford. They will be accompanied by a number of senior government officials and by representatives of the private sector, all of whom will contribute to the afternoon meetings.

At each meeting a mixed panel of Argentine and British businessmen and officials will be arranged to discuss particular subjects in depth. A short presentation by the panel chairman will lead the way to a question-and-answer period, and the panels will deal with petroleum, gas, agro-industry, metal working, energy generation and transmission, telecommunications, transport, trading conditions, local manufactures, joint ventures and transfer of technology.

The seminar will be opened by the Secretary of State for Trade, and will be held under the chairmanship of Viscount Montgomery of Alamein, chairman of Canning House, who will summarise its findings at the end of the day.

Attendance and registration

Information on the seminar will be be sent to corporate members of Canning House as a matter of course, but the meeting will also be open to any firm wishing to send delegates. A large number of British chambers of commerce and trade associations are being kept informed, and it is to be hoped that their members will be made aware of the event. Attendance will in fact be limited to 300 delegates at a cost of £50 plus VAT for Canning House members and £60 plus VAT for non-members. Further information, brochures and enrolment forms can be obtained from the Seminar Secretary, Canning House, 2 Belgrave Square, London SW1X 8PJ, tel. 01-235 2303.

Canning House and its functions

Canning House is a non-political, non-profit-making institution dependent principally upon the British private sector for the funds essential for its operations. It is the home of the Hispanic and Luso Brazilian Council, which was founded in 1943 to stimulate better mutual understanding between the peoples of Britain, Spain, Portugal and the countries of Latin America in the areas of language, culture and economics.

It is also important as the headquarters of the Latin American trade advisory group (Latag) to the British Overseas Trade Board, which has for the last seven years worked closely with government departments, British diplomatic posts abroad, chambers of commerce all over Britain, trade associations and similar bodies concerned with exporting, to promote better trade relations between Britain and Latin America. While Latag receives an annual subvention from BOTB to assist its trade promotion activities, Canning House

remains in every way an independent organisation, controlled and directed by an executive committee formed from among its own private-sector members.

Argentina: facts and figures

Area
2 776.9 km²
Railways: 39 800 km
Roads: 200 000 km

Population
26.4 million (1978)
Rate of growth: 1.3 (1970–77)
Density: 9.4 per km²

Workforce
9 million (1973)
Percentage in (1973)

Agriculture	14.4
Industry	31.1
Services	54.4

Principal cities and populations

Buenos Aires	10 million
Cordoba	800 000
Rosario	800 000
La Plata	408 000
Mar del Plata	350 000
Tucuman	326 000
Santa Fe	312 000
Bahia Blanca	192 000
Corrientes	138 000
Mendoza	120 000

Main agricultural and livestock resources

Corn	Sorghum	Cattle
Wheat	Sunflower	Sheep
Linseed	Sugar	Hogs

Main industries

Metallurgical	Chemical	Oil
Textile	Food	
Construction	Paper	

Official public holidays 1979

New Year's day ¹	1 January
Epiphany ¹	6 January
Maundy Thursday ¹	12 April
Good Friday ¹	13 April
Labour day	1 May
Independence day	25 May
National flag day	20 June
Declaration of independence day	9 July
Death of General San Martin	17 August
All saints day ¹	1 November
Immaculate conception ¹	8 December
Christmas day	25 December

For all practical purposes 31 December is also a holiday: everything closes at mid-day.

¹ Public offices and banks closed.

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Plaza San Martin, Buenos Aires.

Britain and Argentina compared

	Argentina	Britain
Percentage of urban population [1]	81.00	75.00
Percentage of rural population [1]	19.00	25.00
Cultivated land per inhabitant (hectares) [1]	1.38	0.13
Percentage of literacy: approximate	92.0	98.5
Percentage of university students [3]	1.1	0.6
Doctors per 100 000 inhabitants [3]	198.4	127.0
Daily intake of calories per capita [2]	3 160	3 170
Radio receivers per 1000 inhabitants [2]	370	324
Tv receivers per 1000 inhabitants [2]	144	293
Persons per motor vehicle [3]	10.9	4.1

Source: UN Statistical Yearbook.
[1] 1970. [2] 1971. [3] 1972.

Some economic indicators

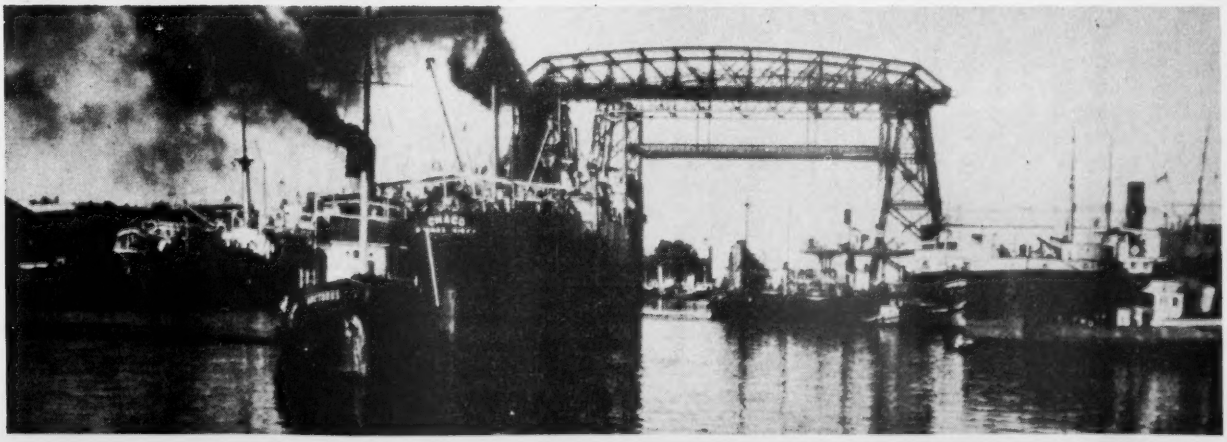
Gnp per capita $1730 (1977: World Bank)

	1973	1974	1975	1976	1977	1978
Inflation per cent		40	335	347	160.4	169.8 [1]
Unemployment per cent		4.7 [2] 3.1 [3]	3.2 [2] 3.5 [3]	5.1 [2] 4.3 [3]	3.6 [2] 2.5 [3]	3.9 [4] 2.6 [5]
Output						
Growth in gdp	6.1	6.5	–1.3	–2.9	4.4	
Growth in gnp	6.4	6.8	–1.5	–3.3	4.8	–4.1
Trade $bn						
Exports (fob)	3.27	3.93	3.00	3.9	5.6	6.4
Imports (cif)	2.23	3.64	3.99	2.86	4.1	4.0
Balance	1.04	0.29	–0.99	1.04	1.5	2.4
Net invisibles	–0.32	–0.17	–0.30	–0.47	–0.3	–0.3
Current account balance	0.72	0.13	–1.29	0.57	1.2	2.1

Rate of exchange (at 1 March 1979)
$ (US) 1 = 1,103 pesos (buying), 1,110 pesos (selling). (Transfers: Banco de la Nacion).

p Provisional. [1] Jan 1979 12.8 per cent Feb 1979 7.4 per cent [2] April of each year. [3] October of each year. [4] May 1978 (Greater Buenos Aires). [5] August 1978 (Greater Buenos Aires).

Buenos Aires docks.



Programme for self-sufficiency

Projects designed to make Argentina self-sufficient in energy by 1985 form an important part of the current public sector investment programme. Here we look at three of them: one is a hydro-electric scheme, another concerns the exploitation of oil and hydrocarbon deposits, and the third involves construction of a major gas pipeline.

Yacyretá hydro-electric project

At the island of Yacyretá on the River Paraná on the Argentina–Paraguay frontier, work has started on one of the largest hydro-electric projects yet seen in South America. Ing Jorge A Pegoraro of Entidad Binacional Yacyretá, the joint Argentinian–Paraguayan corporation, established to administer the project, describes the main features.

When it starts functioning in 1985 the Yacyretá dam will generate as much electricity as is being consumed now in the Buenos Aires area – and that itself equals 70 per cent of current consumption in Argentina as a whole.

The treaty which established the project was signed by the governments of Argentina and Paraguay in December 1973. But it all started some 50 years ago when navigation studies on the River Paraná pointed to the feasibility of a hydro-electric project. More serious studies were started on the site in 1958 by a joint Paraguayan–Argentinian technical commission, and work has now started on new roads leading to the dam site, as well as on housing for construction workers.

First stage

When the first stage is finished, the dam will have created a 2.1 million m³ reservoir to power a 2.7 MW hydro-electric station equipped with 20 turbines. Along the top of the dam we will build a dual carriageway linking Argentine route 12 and Paraguayan route no 1. The dam will also contain sluices to allow the passage of ships with a below-the-waterline clearance of up to 12 ft.

Another important part of the project is the irrigation plan which will channel water to 6000 hectares on the Argentinian side and to 81 000 hectares in Paraguay. When complete, the reservoir will be equipped for fishing and leisure pursuits.

At current values the project is costing 2,600 million dollars – 1,400 million dollars for the dam, 600 million dollars for turbines and other electrical equipment, 400 million dollars to re-house people in flooded areas, plus overheads of 200 million dollars. But the expected final cost is 5,100 million dollars, taking into consideration increasing costs and interest during the construction period.

On the financial side, the Inter-American Development Bank has already agreed to provide 210 million dollars towards the costs. We expect further finance to be made available from the World Bank and other international financing institutions later this year.

Yacyretá compared

Project	River	Power MW	Energy GWH/year
Chocon	Limay	1 200	3 300
Planicie Banderita	Neuquen	450	1 500
Futaleufu	Futaleufu	450	2 500
Salto Grande	Uruguay	1 890	8 700
Yacyretá	Paraná	2 700	16 500

The tender for the elaboration of the technical documentation of works has been awarded to a consortium of consulting companies, and the executive project has been completed. Calls for tenders are likely to be made in the second half of 1979 and work would commence late this year or early in 1980.

According to the schedule, the first turbine will start operation in early 1985. Thereafter, turbines will be incorporated at a rate of one every three months until the 20 that have been projected for the first stage have been installed.

Energy generated by the station will be the property of the two partner countries on equal shares; but during the first eight years Argentina will absorb almost all the energy that is generated. At the end of that period the two countries will periodically agree the share of energy each one will take. Paraguay's needs will be assessed in accordance with its economic development.

Of all possible hydro-electric projects in Argentina, Yacyretá is the one that can produce the largest amount of electricity under the most favourable conditions (see table).

Although there will undoubtedly be stiff international competition, the project should offer interesting opportunities for British firms, both on the generation and transmission of power and on the ancillary equipment for the dam.

Work has started at Yacyretá.

Oil exploration

Risk contracts for oil exploration and exploitation in 20 areas in Argentina – on and offshore – are currently out to tender. Director of Exploration for the State oil company Yacimientos Petrolíferos Fiscales (YPF) José Alberto Suarez Lynch explains what is involved.

Oil was first found in my country over 70 years ago – in 1907 – in Chubut province. Today Argentina is more than 90 per cent self-sufficient in oil and hydrocarbons, although only a small proportion of known reserves – estimated at 2 billion barrels – is now in production. Annual production is running about 180 million barrels, or a daily average of about 500 000 barrels.

But we should not forget the important gas reserves since they amount to 15 trillion cu ft, with an annual consumption of 2 billion cu ft.

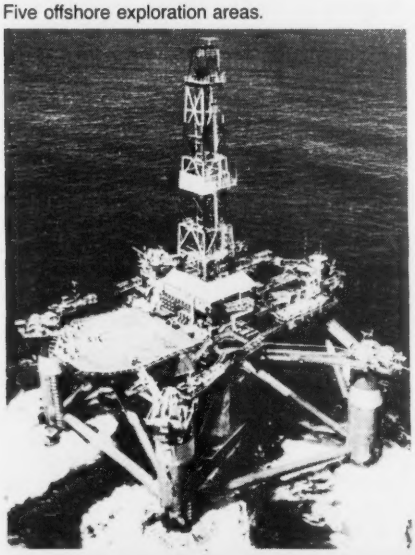
To date we have concentrated on extraction of the more accessible oil but in future we will employ the latest techniques to tap our rich hydrocarbon reserves wherever they may be – offshore for example.

As part of that plan, a risk contract law (no. 21.778 – published in our *Official Bulletin* on 20 April last year) invites tenders for exploration and exploitation of hydrocarbons in different locations across Argentina. The contracting companies will provide all finance as well as technology and equipment for the operations. Ownership of the oilfields and hydrocarbons discovered will rest with YPF but the contracting companies will be reimbursed for the hydrocarbons extracted – in cash, or kind if there are sufficient reserves. The 20 areas (15 onshore and five offshore – see map) have been selected on the basis of actual hydrocarbon potential, since the possibility of self-sufficiency by 1982 rests on the participation of private capital.

This law has a special customs and amortisation system that makes investment in this business very interesting. Contracts for the 20 selected areas are being gradually put out to tender – the last will be put out in May 1980.

The award of the first of these areas has just been confirmed, and a consortium made up of the Argentine oil firm Bridas, Arfranco, and Deminex and Total will now go ahead with their exploratory work in Tierra del Fuego.

Five offshore exploration areas.



Central-west gas pipeline

Work is to start before long on a new gas pipeline in central-west Argentina. Responsibility for the project belongs to Gas del Estado, which runs Argentina's national gas supply.

There is something of a British tradition in Argentine gas – after all it was a British company which once ran the gas company in Buenos Aires. A British term, 'servicio' or 'service', is still used when describing the connection of gas to the meter.

The gas companies in Argentina, including the British one, were merged with the natural gas division of Yacimientos Petrolíferos Fiscales (YPF) in the 1940s to form Gas del Estado which is 100 per cent government-owned. Now the third largest company in Argentina with a 700 million dollar annual budget, Gas del Estado controls 5000 miles of pipeline, running from Salta province in the north to Santa Cruz in the south and out to Neuquén in the west. Work is currently in progress on a submarine pipeline to bring gas north from Tierra del Fuego around the Magellan Straits – a difficult project, not least because of the tides on this part of the coast.

But the latest project is probably even more ambitious. This is the Gasoducto Centro-Oeste, or centre-west pipeline, which will take gas from Neuquen to Mendoza up to San Juan and across to Rosario. Here it will join the main north-south pipeline, bringing vital gas to industry in Córdoba province.

Approval for the project was given by the Minister for the Economy last November and tenders are to be in by 22 June. The successful contractor will bring the financial resources to build and operate the pipeline as owners. The gas will remain the property of Gas del Estado, which will recover ownership of the pipeline after 15 years. In essence, therefore, the project will be a financial one, but the successful bidder will be an experienced operator.

In the south, meanwhile, Gas del Estado is already working to increase its pipeline capacity and this year will be needing compressors and turbines for similar work on the northern pipeline.

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Putting the economy on its feet

Three years ago Argentina was close to default on her external payments. Today she has reserves of $6 billion. This article looks at economic developments since March 1976 and describes how the economic team has been, in the words of the Argentine president, 'putting the economy on its feet'.

Only three years ago you could have spent dollars in Argentina as easily as you might in New York. Confidence in the local currency (the peso) had been completely eroded. But there has been a remarkable comeback. Today the peso is strong against the dollar – some would even say it is overvalued – and this sign of the return of the peso from the doldrums at home, as well as abroad, is only one indication of the recent transformation in Argentina's economic position.

By this time Isabel Peron was ousted from the presidency by the military in March 1976 Argentina was facing economic and political anarchy: the annual inflation rate was roaring its way to four figures; foreign exchange reserves had dwindled to a pittance – at some $24 million they were barely enough to meet foreign debt repayments; and terrorism and disorder were rampant. By comparison, Argentina today is another country. Law and order has been restored to the streets, an export boom has hoisted reserves to a remarkably healthy $6 billion in 1978, and inflation, though still a current world record at 170 per cent, has been dramatically reduced.

Argentina today – another country.

Government remains under the control of a military junta led by President Jorge Videla, whose term of office is due to expire in two years time (1981). A return to democratic elections seems unlikely in the short term, nor does there seem to be much clamour for them. Observers point to Argentina's political vacuum – there is no organised party system – as good reason for holding back. After nearly 30 years of political and economic turmoil in a seemingly fixed cycle of civilian then military rule, the new government is bent on proving that Argentina has learned some lessons. As one minister remarked, 'the important thing is continuity. We are also aware that we have to put a continuous medium and long-term effort into the development of our economy. When you hit the bottom,' he added, referring to events in March 1976, 'you are shaken enough to want real changes. This is not a government which is making minor cures. We are committed to major surgery, to change the structure of many things in this country.'

Responsibility for economic surgery has been vested in Minister of the Economy Dr Martinez de Hoz, a civilian with wide industrial and commercial experience and with interests ranging from sugar, steel and building to cattle-breeding. His economic team comprises a group of internationally respected economists and businessmen. Once in office, in March 1976, their first priority was to shore up Argentina's tottering international payments position, which they did by securing a $300 million credit from the IMF (now repaid) and further help worth $1,000 million from private banks around the world. With the return of international confidence, they sought the fastest route to balance of payments strength through exports.

For this they turned to Argentina's greatest national resource – agriculture. For years agriculture had played second fiddle to an over-protected industrial sector. Previous governments had taken the view that Argentina should produce only what was necessary to feed her population and local industry would cover all other needs. Beset by low exchange rates and unrealistic prices for their goods, the high cost of farm equipment and, heavy land taxes, farmers had no incentive to improve yields. Restoration of a free market in agriculture and the introduction of fair exchange rates three years ago made a big difference. With the weather on their side, in1976/1977 farmers produced a bumper grain harvest of nearly 32 million tons – the best for a decade (see opposite page). The bulk was exported and, with exports of beef, dairy produce and animal by-products (hides and wool), the result was a balance of trade surplus of $1.5 billion, and a balance of payments (current account) surplus of $1.2 billion, for the year.

Yet the yield potential of the highly fertile pampas – the humid plains of the provinces of Buenos Aires, Cordoba, Entre Rios, Santa Fe and La Pampa – has hardly been tapped. Although Argentina is one of the most highly developed countries in Latin America, intensive farming using fertilisers and the latest equipment has hardly been tried.

And agriculture is only one of Argentina's natural resources – the country is already 92 per cent self-sufficient in hydrocarbons (oil and natural gas) and the mineral potential of the Andes region is only just becoming apparent. Nor should the human resource be forgotten: though small (26 million), the population is one of the best educated in Latin America, with a literacy rate of well over 90 per cent.

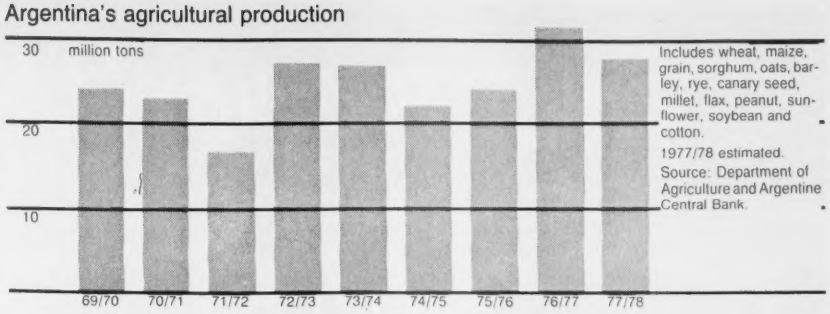
The speed of Argentina's external recovery – and the potential of her resources – has caught the imagination of international financiers everywhere. As one local resident explained, 'all the bankers in the world are tripping over themselves trying to lend money and open branches here'. Success on this scale has excited expectations of a similarly swift recovery in the domestic economy, but here acute problems remain.

Nothing could be more acute than an inflation rate of 170 per cent. The rate is less than a quarter of that prevailing when the new economic team took over, but there is disquiet that for the last 12 months or more the improvement has been halted. There is an increasingly articulate body of opinion, particularly among the business community, in favour of much tougher measures to bring it down. The size of the public sector, which lay at the root of a deficit of about 2 per cent of gdp in 1978, is repeatedly blamed as the largest single cause of inflation and swingeing cuts have been called for. As one local businessman stressed, 'until the government makes up its mind whether it wants the state to have as great a participation in commercial and industrial activity as it does, it will be difficult to bring down inflation by purely economic measures'.

As we have seen (page 2), at the turn of the year the Ministry of the Economy unveiled a package of measures designed to arrest inflation. And ministers are far from oblivious of the need for a major reduction of the public sector, which currently accounts for some 40 per cent or Argentina's gnp, having already taken steps to reduce expenditure: 'lame duck' companies absorbed by the state under previous governments to prevent closures are being sold off to the private sector, subsidies to state bodies are being cut, central fiscal support to the provinces has been reduced – from 48 per cent in 1976 to 29 per cent in 1977, for example – and tax collection has been made more efficient. but there is a firm resolve to avoid the social shock of more dramatic measures. This was particularly true when the economic team took over in March 1976: in that month alone the wholesale price index rose by 54 per cent and severe measures producing high unemployment to feed on the civil unrest of the time could have been disastrous, especially in a country where there is no national employment insurance. Even now the economic team believes that real progress can only be gradual (see page 16), and despite the recession and high inflation they have succeeded in keeping unemployment down to a level of between 3 per cent and 4 per cent.

Dr Martinez de Hoz is confident (outwardly at any rate) that the steps taken so far to reduce the public sector, plus moves to control the money supply, are having the desired effect. And there are those who would agree that because of her external strength Argentina can afford the luxury of a gradual reduction in inflation.

Argentina's agricultural production



Important though it is, beating inflation is not the only priority for Dr Martinez de Hoz and his team. They believe that if there is going to be a lasting economic recovery a thorough-going reconstruction of the inefficient and uncompetitive areas in Argentina's industrial sector is equally fundamental. So, in order to force industry to face up to the rigours of free market competition, and in particular foreign competition, they are working to peel away the subsidies and tariff barriers which have cossetted it for decades. And, as we have seen, for the first time for many years Argentina is opening her doors to foreign goods by reducing import restrictions and tariffs – which hitherto reached up to 300 per cent on some imported products while others were banned completely. But the changes will not all come at once: in keeping with the keynote of present economic policy, the tariff reduction programme is to be a gradual one and will be implemented over five years (see page 4).

Not surprisingly though the prospect of a tide of foreign goods has not won universal acclaim in Argentina. With a domestic market of only 26 million, industry there has never operated on a giant scale. During the last few years of the Peron government it took a beating from massive industrial unrest and hyperinflation, so when the military took over in March 1976 there was, as the head of one locally based multinational company put it, 'colossal euphoria that everything would be alright'. And to begin with it was – the unrest was largely pacified and business boomed during a price truce early in 1977. But later that year the end of the truce and the introduction of positive interest rates – which (with a flexible but nonetheless anti-inflationary wages policy) reduced demand and produced liquidity problems – forced several firms to the wall. For most of last year much of industry was operating at just 60 per cent of capacity, and gnp during 1978 fell by 4.1 per cent: output in the agricultural sector was up by 1.2 per cent but manufacturing production declined by 7.9 per cent.

Inflation continues to have a suppressive effect on demand but, as stocks have become exhausted, output has begun to pick up again in some sectors and the government is confidently predicting an end to the recession this year (see page 18).

Although there are fears that the immediate benefits of any upswing in demand will be absorbed by imports, the economic team is expecting the foreign competition to provide the impetus for the reconstruction of Argentinian industry. And they acknowledge that most of the ingredients will have to come from abroad – in the form of equipment and machinery – paid for by Argentina's amassed reserves.

Foreign know-how and, in particular, foreign investment will also be important ingredients. In the case of the latter, there has been yet another official change of heart. Instead of discouraging foreign capital, as their predecessors did, the new team is going out of its way (to London in May, for example; see page 18) to invite the foreign investor on the same terms as his local counterpart. A new foreign investment law, promulgated two years ago, regarded by some as one of the most generous in Latin America, sets out a framework which permits, among other things, free remittance of profits and repatriation of capital (see page 18).

There is also a new industrial promotion law which provides incentives to encourage industrial development in under-developed areas. Some 71 per cent of Argentina's relatively small population is concentrated in the eastern provinces – Buenos Aires, Cordoba, Santa Fe and Entre Rios. There are vast

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stretches of country, rich in mineral and other resources, which are very sparsely populated – particularly in the south, in Patagonia and at Bahía Blanca, and west towards the Andes. The new law is designed to encourage the investment necessary to realise the potential of these regions. But despite all these incentives foreigners have so far been slow to invest, nor has Argentine capital been forthcoming. The lower import tariffs are probably partly responsible, but the most important disincentive is probably the continuing inflation.

Argentina has lived up to her reputation for 'recovery by night what is removed during the day' on her external account, but, as one local business man observed, 'investment is an animal which is easily scared'. The turbulent events in Argentina during the last 30 years are not easily forgotten and the recent expensive mobilisation against Chile over the Beagle Channel was rather unsettling – even if the danger of war has now 'crept back into the mists that envelop the region', as the *Buenos Aires Herald* put it after one offer of mediation last November.

But there are signs that Argentina has now put her erratic and divisive political past behind her. Many first-time visitors to last year's World Cup soccer tournament found a degree of stability in day-to-day life which surprised them. And it wasn't only the foreign visitors who were surprised. As one local resident explained, 'The fact that the event was organised properly and won was a great factor for unity. I can't recall any other instances in the last 30 or 40 years when all Argentinans were pulling for the same cause.'

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Goodbye to old habits

Important new trends have been set in motion in Argentina by a government bent on changing the nationalistic habits of 30 years to build a modern, outward-looking economy. Three of the ministers involved explain the thinking behind the new policies.

Economic policy

Towards uninterrupted growth

Dr Guillermo Klein is Secretary of State for Economic Planning and Co-ordination. Educated at the University of Buenos Aires and Harvard, he began his career practising law in Buenos Aires in 1965. From 1968-70 he was Under-Secretary of Foreign Investment and, from 1970 until taking his present appointment, he resumed his law practice and was professor of political economy at the University of Buenos Aires. He also served on the boards of several companies and was vice-president of the Argentine chamber of commerce.

Argentina's economic recovery during the last three years has exceeded even the expectations of its architects at the Ministry of the Economy. As Dr Klein explained in an interview last November, 'We have never had reserves which exceed, probably, a year and a half of imports'. He acknowledged that Argentina has an ability to recover more quickly than other economies through her agriculture which gives her 'a large advantage', but, he said, 'the sort of recovery we have had really exceeds what we might have expected, especially if you think that the prices for our products have not been particulary good. I would say they compare quite unfavourably, for example, with the prices we had in 1973-74. We would have had a much quicker recovery still if these developments had occurred before the oil price rise and before the recession in the international economy.'

Describing the situation with which the new government had had to contend when it took office in March 1976, he said, 'the economy was on the verge of total disintegration. We were about to become unable to meet our payments abroad, which would have made imports difficult; the interruption of imports would have made the working of industry practically impossible; and that in turn would have had a strong impact on employment, leading to social collapse'.

Inflation

Dr Klein agreed that there was still much to be done to combat inflation, but stressed that it could not be cured overnight, especially when 'you have lived through an inflation rate of 1000 per cent. It is difficult to overcome these problems if you want to avoid a further breakdown of the whole economic system'.

He pointed out that the 'tremendous balance of trade and balance of payments surplus' had had an expansionary impact on the economy, forcing the Central Bank to issue money to buy dollars and foreign exchange to keep the parity rate even. But the government's monetary policy was designed to bring this expansion under control, he explained. 'We have adjusted our currency *vis-à-vis* the dollar and we have tried to stop the inflow of capital.

Import duties

We have also done something which is highly unpopular: we have lowered our import duties very substantially both to facilitate imports and to increase competition. We felt that we could strengthen our industry if we forced it to invest, to improve its technology and to face the winds of competition. Our programme is a gradual one: after taking steps which have meant the elimination of import and export prohibitions and a reduction of about 50 per cent on existing tariffs, we are going now into a five-year programme (see page 4) in which we expect to further reduce tariffs on a pre-announced basis. Industry will know what sort of reduction to expect so it will have time to adjust.'

Dr Klein agreed that some sectors would

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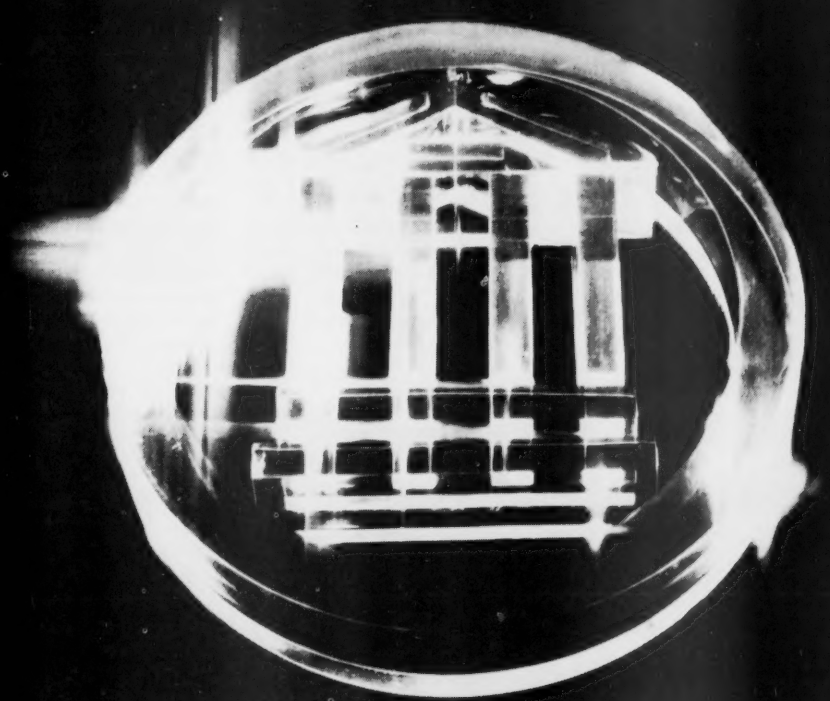

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suffer as a result of the new import policies, but he explained, 'many of our industrial sectors will face up to our policies and become far more competitive internationally. I see a growing and increasingly competitive industrial sector, with perhaps a different profile from the one it has today.

'We have also submitted a bill, which we have called "law in defence of competition", to modernise our anti-trust legislation. It will enable the government to fight price agreements or abusive controls of the market and to protect the consumer.' Under previous administrations, he explained, businessmen had learned to co-operate with their competitors in controlling prices. 'We now have to go though an inverse education process and tell the businessman that his prices are his concern: that he can't agree with his competitors what he is going to charge the consumer.'

Although he accepted the need for cuts in the public sector, Dr Klein emphasised, 'I don't think we can do anything dramatic. In the past we have tended to determine investment priorities on the basis of sectoral or regional pressures. This time we have resisted these and over the last two years we have worked out with care a balanced investment programme based on feasibility studies carried out by the investment agencies (see pages 5 and 6).' The object, he explained, was to achieve the highest rate of return for public investment. He also said that the government would be engaging outside consultants to study the streamlining of the administrative machinery. 'This,' he added, 'is perhaps the foremost challenge facing us during the next two years. Towards the end of 1979, or 1980 perhaps, we will begin to implement the changes.' But, he stressed, reducing public expenditure must be based on careful work. 'You can't just hack away; that way you run the risk of paying a much higher cost.'

Prospects

Looking to Argentina's short-term economic prospects, Dr Klein forecast an end to the current business recession before the end of this year. 'I have no doubt that, as from 1979, unless the world situation changes dramatically, we shall go forward with uninterrupted growth for years to come. I am confident that we have now made the necessary adjustments.'

Foreign investment

A clear framework

Ingeniero Frederico Dumas is Under-Secretary of State for Foreign Investment at the Ministry of the Economy. He studied at Massachussetts Institute of Technology and between 1965 and 1970 he worked for the Atlantic Community Development Group for Latin America dealing with Argentina, Paraguay and Uruguay.

For years foreign investment in Argentina was actively discouraged. In a complete reversal of this policy, the new economic team believes it will play an essential part in the country's long-term economic recovery. But, as Ing Dumas was quick to point out, would-be investors should not look too hard for government financial incentives. 'The less the foreign investor depends on government subsidies for him to be profitable, the better he will be able to work and be accepted in our country. We believe that investors should be attracted by the potential of Argentina: by the stability of our institutional process, by an economic programme that considers the private sector as the basic and dynamic force for development, and by our substantial natural resources in food production, energy and minerals – as well as by good human resources at the management and shop-floor level.

'Our foreign investment law is designed to provide a clear and just legal framework so that the foreign investor knows exactly what his rights and obligations are. We make it clear that he can freely remit all his profits and repatriate his capital even if we have exchange control.' Ing Dumas explained that all sectors were open to foreign investment, although there were areas where government approval was required: in national defence, communications, public services, banking and insurance, for example, or for buying or taking control of a company currently in Argentinian hands.

Incentives have been made available for projects covered by the recently promulgated industrial promotion law, which, for example, provides certain tax and tariff incentives, and Ing Dumas explained that these would apply particularly to investment in less developed areas 'to compensate for diseconomies of location. We are somewhat reluctant to grant tariff protection for products because we want goods to be competitive, but we will consider it, particularly in the first few years of operation, until the company gets going and develops its market'. Ing Dumas said the government was anxious to develop new industry in areas where Argentina is rich in natural resources so that 'Patagonia, for example, has high incentives, but the Greater Buenos Aires area is practically banned from new investments'.

From promulgation of the foreign investment law in March 1977 until the end of January this year, Ing Dumas explained that foreign investment in Argentina totalled $1,000 million: $500 million was in the form of new investments: $136 million came from the capitalisation of foreign loans; and the rest was reinvested profits by existing companies (but see page 16 and the breakdown on opposite page).

Ing Dumas will be one of the speakers at the Canning House seminar on Argentina in May (see page 9). He explained that while he is in the UK he intends to follow up the seminar proceedings by arranging separate working groups with British businessmen to explain in more detail Argentina's investment objectives in certain sectors. 'These will include agro-industry, specifically food-processing, packaging, and distribution through supermarkets. Our distribution system in Argentina is quite costly and can do with a lot of improvement. Along with housing, this is one of the areas in need of urgent development if

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New investment by sector 1 March 1977 to 31 August 1978

US dollars

Sector	In process			Approved			Total		
	NI	CC	Total	NI	CC	Total	NI	CC	Total
Farm products	3 517 000	—	3 517 000	—	—	—	3 517 000	—	3 517 000
Food, beverages and tobacco	—	1 489 617	1 489 617	13 061 139	2 914 772	15 975 911	13 061 139	4 404 389	17 465 528
Car industry	2 558 361	—	2 558 361	15 545 171	87 984 955	103 530 126	18 103 532	87 984 955	106 088 487
Car spares industry	746 479	487 000	1 233 479	5 103	—	5 103	751 582	487 000	1 238 582
Cement	5 680 000	—	5 680 000	—	—	—	5 680 000	—	5 680 000
Marketing	86 666	—	86 666	365 350	—	365 350	452 016	—	452 016
Construction	3 344 500	1 300 000	4 644 500	1 334 706	—	1 334 706	4 679 206	1 300 000	5 979 206
Dredging	14 700 000	—	14 700 000	—	—	—	14 700 000	—	14 700 000
Publishing	4 949 132	—	4 949 132	911 750	—	911 750	5 860 882	—	5 860 882
Electrical appliances	—	—	—	1 000 000	800 000	1 800 000	1 000 000	800 000	1 800 000
Financial companies	11 422 000	—	11 422 000	17 526 052	—	17 526 052	28 948 052	—	28 948 052
Communications equipment	—	—	—	2 891 000	—	2 891 000	2 891 000	—	2 891 000
Packing houses	1 500 000	—	1 500 000	—	—	—	1 500 000	—	1 500 000
Machinery and equipment	39 146 500	3 670	39 150 170	15 486 200	380 000	15 866 200	54 632 700	383 670	55 016 370
Metallurgy	3 756 131	—	3 756 131	5 503 429	138 395	5 641 824	9 259 560	138 395	9 397 955
Stationery	1 150 000	—	1 150 000	—	—	—	1 150 000	—	1 150 000
Fishing	17 157 628	—	17 157 628	4 431 700	5 396 500	9 828 200	21 589 328	5 396 500	26 985 828
Petrochemicals	4 520 000	—	4 520 000	5 000 000	3 000 000	8 000 000	9 520 000	3 000 000	12 520 000
Pharmaceuticals and toiletries	701 960	3 075 167	3 777 127	9 080 788	10 297 397	19 378 185	9 782 748	13 372 564	23 155 312
Plastics	—	—	—	4 500 000	—	4 500 000	4 500 000	—	4 500 000
Chemicals	15 280 209	4 174 517	19 454 726	14 033 794	2 199 660	16 233 454	29 314 003	6 374 177	15 688 180
Services	142 094	125 000	267 094	956 564	—	956 564	1 098 658	125 000	1 223 658
Telecommunications	—	—	—	2 390 318	466 667	2 856 985	2 390 318	466 667	2 856 985
Oil and gas	—	—	—	119 200 000	—	119 200 000	119 200 000	—	119 200 000
Other industries	542 250	1 898 157	2 440 407	701 047	1 004 500	1 705 547	1 243 297	2 902 657	4 145 954
Total	130 900 910	12 553 128	143 454 038	233 924 111	114 582 846	348 506 957	364 825 021	127 135 974	491 960 995

NI New investments. CC Capitalisation of credits.
Source: Argentinian Ministry of the Economy.

we are to reduce the cost of living for low to medium-income groups.'

Another sector is metal working. 'We have a fairly developed metal-working industry in Argentina but we believe that its efficiency can be improved through new capital goods investment and technology and we would like to see the foreign investor complementing the work of local investors in this respect. The other sector we hope to cover is the petrochemical industry.

'We also hope to discuss the development of our oil and gas resources – Great Britain we know has great experience in the development of her North Sea reserves – as well as our largely untapped mining resources.

'We are aware that the development of foreign investment is related to the regaining of confidence in the continuity of our economic policy which takes time to become asserted abroad, but we see an accelerating pace in this area. Dr Martinez de Hoz, for example, has already been in office longer than any previous Minister of the Economy during the last 30 years.

'Inflation is another important factor for the foreign investor, but we have now reduced the level from 54 per cent in one month in 1976 to the 7 or 8 per cent per month level. This improvement is significant but I believe the really important thing is that we are attacking the causes, to solve the problem on a permanent basis, not trying to cover up the effects, and that is why it is taking time.'

Foreign investments by country declared up to 28 August 1976

Country total	Investment in US dollars	Per cent of total
United States	1 823 549 991	39.70
United Kingdom	436 689 166	9.50
Switzerland	432 697 040	9.40
France	412 604 732	9.00
Federal Republic of Germany	312 858 620	6.70
Holland	201 974 595	4.40
Canada	173 951 532	3.70
Panama	142 643 699	3.00
Luxembourg	124 839 603	2 60
Uruguay	115 564 970	2.50
Sweden	80 524 011	1.70
Italy	60 411 899	1.30

Source: Argentinian Ministry of the Economy.

Foreign trade

Path to productivity

Licenciado Alberto Grimoldi is Under-Secretary for Foreign Trade in Argentina. An economist by training he graduated in 1965 from the College of Social and Economic Sciences at the Argentine Catholic University where he has spent part of his career as an economics professor. He has also held several senior industrial posts. In 1967 he was appointed adviser to Argentina's economic cabinet and in 1970 he became Under-Secretary for Economy and Labour.

Explaining the purpose of Argentina's recently liberalised import policy, Lic Grimoldi blamed the high tariff barriers for the country's poor productivity record. 'If you look at the figures for the last 40 years, you will see that the increase in gnp per capita in Argentina has been one of the lowest in the world. Tariff barriers are necessary to protect infant industry but in Argentina they became permanent and had a direct effect on productivity. By lowering the barriers we expect to improve our performance.'

He acknowledged that Argentina ran the risk of dumping from her new policy but, he said, the removal of restrictions had not yet resulted in an import boom. 'Imports for 1978 were in fact lower than the previous year.' There were several reasons, he said. 'First, economic activity was not as strong as in 1977. Then the introduction of positive interest rates plus a more stable rate of exchange guaranteed by high reserves discouraged the stockpiling of goods, whether imported or locally produced. As a result we have been importing only what we need and avoiding speculation.'

But, he went on, 'Argentina will import a lot of capital goods in the future. I think there will be a big transformation in the private sector where industry will need to invest to become more competitive. Foreign technology through capital goods and know-how will complement what is produced in this country and will be very important for our development'. Lic Grimoldi pointed to the trend now towards joint ventures between Argentinian and foreign companies. 'It started, I guess, probably after the World Cup and has increased a good deal in recent months.'

Although 80 per cent of Argentina's exports are currently based on agriculture and livestock products, which will clearly be the pattern for the foreseeable future, Lic Grimoldi felt that in time manufactured goods could well play a more important role. 'For example, we have just implemented a law called the "temporary admission system" which enables manufacturers to bring in semi-finished goods duty free for further processing and export.'

Turning to trade with the UK, Lic Grimoldi said he felt 'a lot of British businessmen are unaware of what is happening economically in Argentina today and if they are going to go on what they know about this country's past they are not going to be encouraged to be more active here'. Referring to the close commercial ties which existed between Britain and Argentina before the war, he emphasised that times had changed. 'In the 1930s we had a different Argentina and a different Britain, and we shouldn't base the future on the past. But there is no question that we would like to see a greater level of trade between our two countries.'

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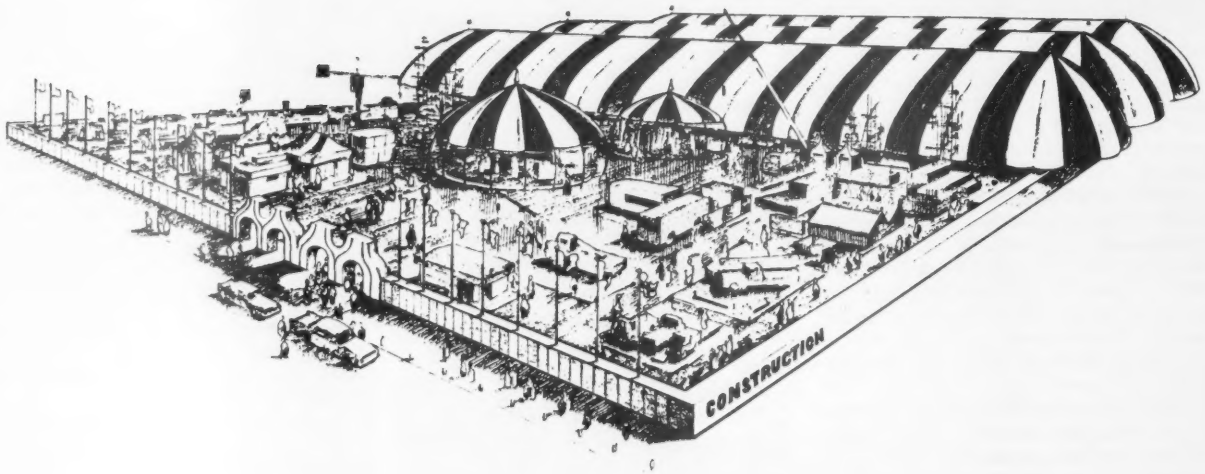

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Exhibitions

continued from page 689

of interest to the motorist and motor sport enthusiast. It was fairly packed with visitors the whole time, and consequently the UK stands came in for a great deal of attention.

A number of British formula racing cars on loan for the event were also in evidence, and many other well known overseas manufacturers were represented including Lancia, Saab, Fiat, Mercedes, Renault, Opel, Porsche, BMW, Audi, Ford, Ferrari, Honda, Mazda, Datsun, Daihatsu.

Other parts of the show which deserve mention are: the motor-cycle section, made up for the most part of Japanese models but with the Italians (Motor Guzzi) and the Germans (BMW) as good runners-up; and the caravan section, which included a fair amount of ancillary equipment, and camping aids.

Three countries, Denmark, East Germany and Yugoslavia, had prominent tourist information stands to emphasise the attractions of these countries where car holidays are concerned.

Finally, but not for the would-be purchaser, was the well-planned area in the basement of the main hall devoted entirely to American 'vintage' cars from the 1950s. A nostalgic display, particularly for the Swedes who well remember the days of American 'dollar grins', as they were then called. All the models were on loan from enthusiasts who had either kept them in perfect shape or restored them to their original condition. Disco lighting and background rock music provided by adjacent stands selling car radios and cassette players added the right touch to this showpiece.

The show was officially opened by the governor of the province, Nils Hörjel, who took the opportunity of presenting a cheque worth Sw. Kr. 10 000 to the Ronnie Peterson memorial fund. This money would normally have been presented to the person who had showed the most promise in the Swedish motor-sport world last year.

There is no doubt that the exhibitors generally were enthusiastistic and pleased with the attendance and interest shown in their products. One or two firms took substantial orders, and others made useful contacts which should result in later sales. All of them most certainly agreed that the show was a good one and presented just the right kind of shop window they required and the means of generating further business, not only in Sweden but elsewhere in Scandinavia.

UK sounds out at Paris hi-fi fair

From Helen Taylor, British embassy, Paris

Every available corner of the Palais des Congrès in Paris came to life for the Festival du Son (4 to 11 March), considered by many to be the leading hi-fi event in the world. Manufacturers from many countries exhibited in the halls surrounding the concert auditoria where the artistic programme of the festival took place.

Britain was represented by a number of companies producing quality products, with a joint venture being sponsored by the Federation of British Audio and the British Overseas Trade Board.

Rank Audio Visual reported outstanding successes for its Wharfdale hi-fi systems. These systems are at present second in the French market, and their particular 'sound' is proving so popular that the company is optimistic of overtaking its competitors. Rola Celestion Ltd also proved a great draw for the public: the company's three new loudspeakers on show created much interest.

Mordaunt-Short included its new large Signifer loudspeakers in its range of equipment. France is already an important market for this company and with the help of this exhibition, it expects to increase its business substantially this year. B&W Loudspeakers Ltd, exhibiting mainly its DM2 loudspeaker, also received a substantial number of orders from French customers. Environmental Sound, a relatively new company, received serious inquiries from the United States, South America, Australia and Spain.

In the accessories field, British companies also did well. Metrosound Audio Products Ltd, exhibiting cleaning accessories and storage racks, reported a high level of interest from abroad. Bib Hi-Fi Accessories, introducing a new range of packaging, reported that this had been another very satisfactory year.

The festival thus provided British companies with an opportunity not only to expose their products on the French market, but also to meet customers from all over the world. Their success, in the face of international competition, derives from their capacity to adapt new technology to produce quality sound.

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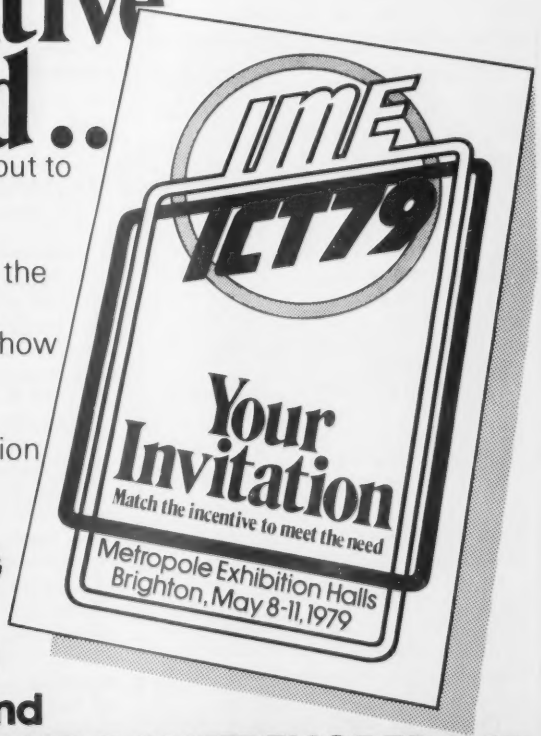

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Useful business from Leipzig

From Andrew Lance, British embassy, Berlin

Once again well over 100 British firms were represented at this year's Leipzig spring fair held from 11 to 19 March, including two joint ventures mounted by the Scientific Instrument Manufacturers' Association (Sima) and the Birmingham Chamber of Industry and Commerce with the support of the British Overseas Trade Board.

In general, British exhibitors and visitors reported a slightly more optimistic atmosphere than at last year's fair, both in current business and future prospects. While the importance of the Leipzig fair cannot be measured solely in terms of contracts signed, many of the British firms already established in the GDR market reported a useful level of new orders. For example, Rank Xerox announced a contract worth over £300,000 for the supply of photocopying machines for the GDR ministry of health.

While firms in the Sima group either signed contracts or were negotiating for business worth over £230,000, the consumer goods manufacturers who supply to the hard currency 'intershops' likewise reported good business. Most newcomers succeeded in establishing contact with the appropriate foreign trade enterprises, the essential first step in approaching the GDR market.

Perhaps more significantly, however, several larger British firms used the opportunity of the fair to continue negotiations on a number of major capital projects where there is a good chance that decisions on the award of contracts will be taken in the next six months. Visitors to the fair also included the president (John Halbert) of the Machine-tool Manufacturers' Association and David Broadbent, chairman of the executive of the Nationalised Industries Overseas Group. Both visits served to identify areas of future co-operation, including possible joint efforts with GDR enterprises in third countries.

At the beginning of the fair the British ambassador and the GDR committee of the London Chamber of Commerce and Industry gave a joint reception attended by the State Secretary at the Ministry of Foreign Trade, Dr Gerhard Beil, and by leading representatives of foreign trade enterprises and UK companies active in the GDR. Later in the week the Minister of Foreign Trade, Horst Soelle, visited the BOTB information stand and was introduced by the commercial counsellor at the British embassy, Derek Tonkin, to representatives of British firms, trading companies and merchant banks.

Mettoy Playcraft, was awarded a Leipzig fair gold medal for its 'Super elite' international typewriter for children, while to mark 30 years participation by British exhibitors at Leipzig, a citation was presented by the director-general of the Leipzig fair office, Mr Wonsack, to the British embassy to the GDR in recognition of its service in promoting trade.

At the Leipzig fair (left to right): Cameron Brown (Guiness Mahon); Mr A. Fisher; Mr D. Tonkin, British embassy; and Horst Sölle, Minister of Foreign Trade, German Democratic Republic.

Successful first joint venture at Hamburg catering fair

From Ian McRobert, British consulate general, Hamburg

Twelve firms, sponsored by the city of Westminster Chamber of Commerce and the British Overseas Trade Board, showed a range of goods for the hotel, bakery and catering trades on the first joint venture at Internorga. Exhibits varied from bakers' ovens and commercial dish-washers to fruit squashes and pizzas. Bar equipment, electrically-heated trouser presses, carbon-removing pastes, vending machines and table lights were all offered on the same national stand and its very fine design showed every department to advantage.

Internorga, held in Hamburg from 9 to 14 March, is a fair well suited for such a mixed bag. Since it began in 1921, as the north German caterers' fair, it has developed, with 53 events, into an international fair.

The fair attracted 618 direct exhibitors from 23 countries and the products of 299 additional firms were to be found on agents' stands.

On the joint-venture stand, Cygnet Electrical (commercial dishwashers) and Morgan Furniture (reproduction furniture) appointed agents, and John Corby (electrically-heated trouser presses) extended the franchise of an existing agent. Carbonoff found business brisk and exciting. Very satisfying sales of the company's chemical cleaning compounds were made from the stand and about five times more are in the order book. They also set up a distributor network answering to their sales office in Germany.

On the food side, RHM Exports was very pleased with the prospect of greatly increased sales in the coming season, as a result of business done at the fair.

Most of the other firms with existing sales offices or agents in Germany felt that it had been valuable to come and meet their customers and study the competition.

Of the independent British exhibitors, outside the joint venture, Britvic Deutschland GmbH, with a superb Rolls-Royce on its stand in hall seven, drew most attention. The company launched its new soft drinks company at last year's Internorga.

Through its Hamburg agent, Foster Refrigeration GmbH had its complete programme on view. They did increased business in a hard market.

Marichem: lively lobbying

From Michael Alan-Smith, British consulate-general, Marseilles

Marichem 1979, the second international conference and exhibition on the marine transportation, handling and storage of bulk chemicals, took place in Monaco from 6 to 8 March.

Under this somewhat daunting title, about 450 international delegates attended a series of lectures divided into five subjects including, in particular, safety. The UK, both in the private and public sector, was well represented.

The sessions were lively since Marichem provides a forum where users, operators and transporters can get to grips with government officials and representatives of international organisations to discuss future policy and to clarify and lobby for change, improvement or relaxation of often necessarily rigid rules on the transport and handling of frequently highly-toxic substances. The exhibition in the new Monaco centre embraced 44 firms from 11 European countries and the United States.

A British joint venture of 10 companies, sponsored by the Council of British Manufacturers of Petroleum Equipment, was mounted for the first time at Marichem.

All the exhibitors were first timers at the event although some had attended the first venue at Hamburg in 1977 as delegates.

After a slowish start, exhibitors found themselves busy on their stands and all reported high quality inquiries. The nature of the event does not lead participants to expect major orders on the spot but representational and contact activity is of great importance.

Equipment and services offered ranged from breathing apparatus (Draeger Manufacturing) through tank cleaning preparations (Lasec) and portable equipment (Gamlen Chemical Co), corrosion protection preparations and equipment and containers both flexible and rigid (Trinicon and M1 Engineering) with ancillary venting and gauging items and valves (Fortvale Engineering) to special lighting equipment for in-tank use (John Davis and Son) and sealless magnet drive pumps (HMD Pumps) to shipping itself (Interchem Shipping).

The next Marichem will take place in the Royal Lancaster Hotel, London, in April 1980.

British sales up at Hiswa

From A. Hazebroek, British embassy, The Hague

In spite of strong competition British boat builders are easily the largest foreign suppliers to the Dutch market (42 per cent in 1977). Hiswa international boat exhibition held in Amsterdam from 2 to 11 March provided further examples of successful marketing ventures by British participants.

A general scarcity of moorings and currently tight credit conditions may have slightly dulled demand for larger craft this year but there is no doubt that the Hiswa exhibition, which was heavily oversubscribed by would-be participants this year, provides an admirable opportunity to meet Dutch and other foreign customers.

A manufacturer of fast motor boats which last year began selling through a dozen selected distributors has greatly increased sales during the past six months. A builder of 33-ft sailing yachts, a category affected by present economic conditions, had worked out a method to pass on an attractive discount to potential customers and so sold four boats during the show.

Similarly, another builder of craft in the same category offered a free trial period on the use of its craft to potential customers. A manufacturer of sailing dinghies also reported good progress. He sold about a dozen during the exhibition and was optimistic about prospects for the current season.

There were also success stories among equipment suppliers. A well-known manufacturer of water and bilge pumps introduced a new model at the exhibition at a very competitive price and attracted substantial interest from the public. A firm making inexpensive plastic boat tarpaulins was very satisfied with the response shown. Its products sell at approximately one-half the price of conventional cotton/vinyl tarpaulins.

A manufacturer of boat trailers reported good business since he had obtained the necessary approval for his products in this country shortly before the exhibition. Increased interest was shown in portable craft, and consequently trailers, and in accessories to improve boats already in use.

Nearly 200 000 people visited this popular show. One of the visitors was Sir Frederick Catherwood, chairman of the British Overseas Trade Board, who was on an official visit to the Netherlands.

Many inquiries at Dutch health-care show

From L. W. Zonneveld, British embassy, The Hague

Medica, the bi-annual trade fair for the hospital and health services, organised by the Royal Netherlands Industries Fair, was held in the Bernhard and Marijke halls of the exhibition complex at Utrecht from 5 to 9 March. It was held concurrently with an international symposium on rehabilitation.

Medica is an all-in hospital exhibition covering all aspects of health-care from hospital-building consultancy to the import and distribution of electro-medical diagnostic and surgical instruments. It attracted 34 995 visitors from medical staff and management, hospital technical support staff, domestic services, administration departments and registered nurses. With 7500 more visitors, the attendance was 27 per cent higher than in 1977.

About 350 companies showed the products of 1000 international and local producers in the health-care field.

A British joint-venture, supported by the British Overseas Trade Board in collaboration with the British Health-Care Export Council, was staged in the Bernhard Hall. Strategically placed in the centre of the hall, near the entrance, the joint venture attracted the attention of a constant flow of visitors and the range of equipment and products on display varied from automatic uniform dispensing machines for doctors and nurses to delicate specialised surgical instruments and plastic products for use in the operating theatre.

The British exhibitors reported considerable interest from the medical profession for their products. Continuous demonstrations given by a UK manufacturer of patient hoists and by a colleague marketing a range of water beds were well attended. An impressive number of inquiries and orders were received by a cardiac monitoring and resuscitation equipment manufacturer.

A UK manufacturer of woven fabrics for nurses and doctor's uniforms was extremely pleased with this exhibition. At a previous one he had booked a trial order for 12 000 m of cloth, and this exhibition might well open up similar opportunities through the amount of inquiries received.

The European sales-promoter of a UK manufacturer of disposable surgical gloves confirmed that renewed contact was made by buyers who had been to see him at the exhibition.

Orders from the three hospitals involved might well help with the company's plans to double their market share in the next year to come. Two automatic uniform dispensers which were demonstrated during the show by one of the British firms, had been sold before the end of the exhibition.

Medica proved again its value as a professional meeting place for British joint-venture exhibitors. So far, the British Overseas Trade Board and the British Health-Care Export Council have staged joint ventures on all preceding Medica shows and judged by the enthusiasm of the British contingent, there is every reason to be in Utrecht in 1981.

Have you a good industrial news picture?

Pictures are often published in *Trade and Industry* showing developments in British industry. If your company has introduced an interesting new product, if you have received an award, if you have developed a novel manufacturing process, if you have produced the biggest or smallest or heaviest or (you feel) the best designed product, you are welcome to send us a photograph with a short news story. Contributions should be sent promptly – while the subject is still newsworthy – to the Editor, *Trade and Industry*, Eigth floor, 1 Victoria Street, London SW1H 0ET.

Satisfactory business in spite of buying restraint

From H. von Massenbach, British consulate-general, Düsseldorf

The one-hundred-and-twentieth Igedo international fashion fair, which ran from 11 to 14 March, attracted a record 36 500 trade visitors in spite of continuing winter weather conditions. Some 1515 firms presented the trade with a preview of their autumn and winter collections. Equally there was a wide range of summer merchandise on offer available on short delivery, giving the retail trade a last opportunity to complete their stocks.

With an additional 200 firms exhibiting in city hotels and as many again in the Düsseldorf fashion house, the city was once again able to uphold its claim to staging the world's largest fashionmarket. This Igedo represented a milestone in the fair's history, which goes back to 1949, when some 24 exhibitors took part in the first Igedo. The occasion to celebrate its thirtieth birthday was highlighted by a gala fashion presentation.

A new feature of Igedo this year was the dessous salon which was introduced for the first time. It will be a regular feature at the March Igedos. Some 96 firms, 42 of which were foreign, took part, largely concentrating on homewear including dressing gowns, swim and beachwear and nightwear.

The British exhibit was made up of 27 firms of which 14 exhibited as a joint venture with the Clothing Export Council and the British Overseas Trade Board.

Despite the general buying restraint of the German trade, which rather overshadowed the fair as a whole, British exhibitors were for the most part able to report very satisfactory business. Even if all expectations may not have been fulfilled, the many new contacts made served to encourage the firms to participate again at this event next year. Knitwear, separates, kilts and evening wear proved to win the special interest of the trade.

The truly international character of the Düsseldorf Igedo fashion fair is underlined by the strong participation of foreign exhibitors and the high attendance of foreign buyers. Just as the German garment industry as the world's largest exporter of ladies' outerwear recognises the importance of the Igedo for promoting export trade, foreign exhibitors are also able to profit from the high attendance of foreign buyers. Nevertheless the prime target of the exhibitors remains the market of the Federal Republic of Germany, Europe's largest clothing retail market.

The full potential which this market offers the British fashion industry still has to be exploited. The road to success in this highly competitive market lies in a reliable delivery and customer service, good standards of garment make-up and finish, and in the ability to react to local market fashion trends. Given proper representation in the market, British manufacturers are sure to find this market most rewarding.

Overseas trade export services

British Caledonian rationalises Nigerian freight rates

A simplified freight-all-kinds (fak) air-freight tariff structure to Nigeria was introduced by British Caledonian Airways on 19 March.

Under the system all categories of goods over one tonne will be subject to common across-the-board charges per kilogram with rate changes at only three weight break points.

The new rates are: consignments over 1 tonne, 75p per kg; consignments 3 tonnes, 65p per kg; and consignments over 5 tonnes, 60p per kg.

Both B.Cal's Lagos and Kano routes will benefit from the change.

B.Cal says that the introduction of fak rates is a natural development of its innovatory low-cost tariffs introduced on the Nigerian route last year and which resulted in price reductions of up to £1 per kg.

B.Cal and Nigeria Airways operate two 39-tonne capacity West Africargo Boeing 707 freighter schedules each week together with B.Cal's six DC-10-30 and three Boeing 707 passenger services. These offer 16 tonnes and three tonnes of underfloor hold capacity respectively.

Last year B.Cal increased its scheduled freight carryings to Nigeria by 30 per cent.

Further information: circle 371

P&O forms freight link with Kuwaiti company

P&O Freight Forwarders and Yusuf a Alghanim and Sons – one of Kuwait's largest trading companies – are joining forces to handle international freight movements to and from Kuwait.

The two organisations are to work together to provide a complete range of forwarding and distribution services by land, sea and air to freight shippers from all sources into Kuwait.

P&O's freight forwarding companies will bring to the combined operation their own worldwide network of operations and associations, and their experience of international distribution of all kinds. The Alghanim Group will be able to use its clearance, haulage and warehousing operations, so that between the two companies all forms of freight from small one-off cargoes to major projects can be dealt with in a simple and cost effective manner.

Further information: circle 372

International Express opens at Heathrow

International Express, Brentwood, Essex, has opened new airfreight premises at Heathrow airport. Situated on the south side of the airport, five minutes from the cargo village, the premises became fully operational on 19 March.

This opening is the first phase in International Express' expansion into the airfreight industry. With 22 offices and depots throughout the UK, the ability to provide customers with all facets of forwarding has now been realised. Further development at selected branches is also planned.

The new location has 3000 sq ft of warehouse space and can accept groupage cargo for specialist surface services to Cyprus, Malta and Greece. This will provide west London and home counties' shippers with an alternative depot to those at Batley, Birmingham and Grays. Plans to develop comparable airfreight consolidations to these points are currently under discussion with Internal Express' overseas correspondents and agents.

Further information: circle 373

Champion bracket

Some of the world's finest badminton and squash rackets will be on offer when Edward Allen, managing director of Vicort of London, visits Hong Kong on a trade mission. The mission, arranged by North of England Development Council, finishes today (30 March). Two badminton champions, seen here examining their rackets, are Margaret Allen – formerly Margaret Boxall, an ex-European and Commonwealth games champion and wife of Vicort's managing director – and Derek Talbot, the England representative player who won a gold medal at the Commonwealth games in Montreal.

Peltours arranges Chinese trip

Peltours has continued the expansion of its special event services by including China for the first time in a study/marketing tour for the British scientific and medical industries.

Leaving the UK on 3 November the tour includes visits to Peking and Shanghai before going on to Tokyo for the return to London on 15 November.

Peltours says that it started by retaining an expert on China as a consultant and then added its own tour operating experience. In addition to the travel and hotel arrangements Peltours has also organised all the business meetings with buyers and the technical visits. The tour will be escorted throughout by its own English-Mandarin speaking representative and while in Peking and Shanghai by an additional local guide.

The tour cost a total of £915 per person and includes all flights, transfers, accommodation, full board in China, guides, business meetings and technical visits.

Further information: circle 374

'T & I' index inquiries

Readers wanting to know when articles and items of information were published in *Trade and Industry* should consult the published indexes which are issued free to subscribers. For material published in recent months, inquiries of this kind can be made to the Department of Industry Library's indexing section, tel. 01-215 5842 or 01-215 5879.

European community news

Finance ministers urged to recognise UK's less-prosperous status

Interest rebates on loans granted in connection with the European monetary system (EMS) were discussed by finance ministers at the 19 March council.

Chancellor of the Exchequer Denis Healey told the House of Commons on 22 March that he had argued that the council should recognise the UK's less-prosperous status and had said that he would be unable to agree to the regulation on interest rebates in the absence of such recognition, which would assure the UK of access to the facility in the event of its joining the EMS.

Ministers had discussed how community policies could best be directed towards achieving greater economic convergence between member states, the chancellor said.

Heads of government who attended the 12 to 13 March European council had asked both the finance council and the European commission to conduct an in-depth examination into this question.

In particular, finance ministers were asked to examine what action should be taken on commission proposals for using community financial instruments and increased economic convergence were asked to submit a report to the next European council in June.

Following a broad exchange of views on implementing the European council's brief, the finance council had invited the co-ordinating group on economic and financial policies to continue its examination of these problems, and to report back to the finance council on 23 April, Mr Healey said. Ministers had also asked the commission to submit proposals to strengthen the means of co-ordinating economic policies and had invited it to submit a report on the implications of the current difficulties in the crude oil market for economic prospects in the community.

Mr Healey said that the council had conducted its first quarterly examination of the economic situation in the community and had noted that, for the time being, there should be no adjustment to the economic policy guidelines contained in the annual report on the economic situation in the community for 1978-79.

The council had also heard a statement by the commission vice-president, Mr Ortoli, in which he submitted the proposal for a decision to authorise the first tranche of borrowings to promote investment within the community.

More community news

Information on European community matters and about member states can often be found in other sections of *Trade and Industry*. For this week's additional news, turn to the following pages:

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Ministers in wide ranging political talks

Current problems in the Middle East, Africa and Indo-China were discussed by foreign ministers at their political co-operation meeting on 12 March.

In a written parliamentary answer on 15 March, foreign secretary David Owen said he and his colleagues had issued no formal statement about their talks but that Mr François-Poncet, the French foreign minister speaking for the presidency, had said at a press conference following the meeting that ministers had considered it premature to express their view on the negotiations taking place on the Middle East. They had recalled the declaration which they made on 29 June 1977 defining the principles of an overall lasting settlement in the Middle East and agreed that this was still entirely valid and relevant to the present situation.

Mr François-Poncet said ministers had agreed that an international effort was needed to help Ruanda and Burundi, which were in serious difficulties because fighting between Tanzania and Uganda had hindered the normal delivery of their food supplies. Community and bilateral funds would be used to charter several planes to transport supplies to Ruanda and Burundi which were at present held up in African ports such as Dar-es-Salaam and Mombasa.

Ministers had been unanimous in expressing their concern about developments in Nambia and expressed the wish that a peaceful and internationally recognised settlement should take place. They had expressed the hope that discussions would continue with South Africa on the basis of the United Nations secretary-general's report.

On Rhodesia, foreign ministers reiterated their disapproval of the elections due to be held on 29 April and declared their intention of maintaining the sanctions imposed by the United Nations. They expressed the hope that renewed negotiations would take place between the parties concerned, and had praised the efforts of the UK and the United States in the search for a settlement.

On the subject of the Horn of Africa, Mr François-Poncet had noted that continuing tension meant that the risk of de-stabilisation had not disappeared. Ministers had also expressed the hope that economic activity in Iran would soon return to normal and that co-operation between Iran and the member countries of the community would continue.

Silkin determined to see a freeze

John Silkin, Minister of Agriculture, Fisheries and Food, told representatives of consumer organisations on 21 March that he was determined to see a freeze on common agricultural policy prices this year.

'We must put an end to the scandal of surplus production which puts such a burden on EEC consumers and taxpayers,' he said.

He stressed that he had no intention of giving way to pressure in the council of ministers for a general price increase.

Davignon calls for electronics strategy

EEC industry commissioner Viscount Etienne Davignon has called for a vigorous European industrial strategy in which community companies should aim to supply at least one-third of the world market for electronics in 1990 and beyond.

Viscount Davignon told delegates at the *Financial Times* conference 'Tomorrow in world electronics' in London on 22 March that Europe was about to miss the 'telematique' boat, unless it launched a vigorous strategy, co-ordinated at the European level. ('Telematique' derives from the conjunction of computing and telecommunications.)

Industry itself must be in the forefront of such a programme and be responsible for implementing any policy. The belief that all problems and questions should be resolved at the European level must be avoided. Some things were better decided at the national or industrial level, he said, but there had to be an overall commitment at the European level 'to co-ordinate national actions systematically towards the common goal'.

There were two alternative strategies available at present. Europe could collaborate with the United Sates and Japan through joint ventures or develop more national programmes.

Although joint ventures would be more pro-

Davignon: towards a common goal.

fitable in the short-term, in the long-term Europe would never get further than playing second or third fiddle, 'with all the damage that means in terms of jobs, markets and social benefits'.

Protection of the home market through domestic standards and specifications and by scattering research programmes would result in a waste of scientific talent and public money without succeeding on the world market.

Viscount Davignon called for the creation of an open European market for electronic goods and services, notably by the creation of common standards for at least the whole of Europe, above all of interfaces and communication protocols and procedures.

There was also a need, he said, for a specific European research and development programme which should include the reinforcement of the role of the European Space Agency in the new age of practical, commercial and space technology, and the definition of priority programmes agreed upon by industry and/or by industry and government jointly.

Viscount Davignon also stressed the need for the implementation of major international community pilot programmes such as the extension of the Euronet scientific and technical data network to the countries of the Lomé convention, and the development of a major integrated network project linking community institutions and governments.

Other measures might include a European programme for the use of satellites; an education and training programme to ensure an adequate supply of skilled men and women; and a joint, long-term technology programme to support the electronic component industry.

All this posed a major political and industrial challenge, Viscount Davignon said, and it called for a careful effort in communication to make society aware of the implications of change and that innovation was not a threat.

EEC – your questions answered

Need to know more about the EEC? Ring the EEC Information Unit on 01-215 4301 (four lines) between 10.00 and 17.00 hrs. The unit provides a free information service for businessmen, answering general questions on the EEC directly or referring callers to specialist advisers.

Setting up a company in the EEC

WE are extending our business in the EEC and would like to know where information is available on setting up a company in the EEC?

At present there is no harmonisation of requirements for setting up a company in indvidual countries of the EEC. Taxation, administrative controls and regional incentives are determined by national and regional legislation. Useful sources of information include many of the large clearing banks and the commercial sections of the embassies of the relevant countries.

Brief summaries of national requirements for most of the EEC countries are available in the form of handouts from the Overseas Tariffs and Regulations Section (OTAR) of the Department of Trade, tel. 01-248 5757.

Exclusive dealing agreements

Is it true that it is permissable for my company to appoint an exclusive distributor for a part of the common market but that we cannot prevent him from supplying customers outside his territory?

EEC regulation 67/67, the life of which has been extended until 1982, exempts certain categories of exclusive dealing agreements from the prohibition contained in article 85(1). Restrictions may be imposed on the

exclusive dealer not to manufacture or distribute competing products and to refrain from seeking business from outside the territory covered by the contract, but no restriction may be imposed on the dealer to refuse to supply customers who approach him from outside his territory with orders. Attempts to grant distributors absolute territorial protection, for example, by restricting parallel trade by the imposition of export bans and similar measures have been consistently condemned by the commission and decisions referred to the European Court of Justice have been upheld.

In February 1978 the commission published the draft of a proposed regulation to amend regulation 67/67 (*Official Journal* C31, 7 February 1978) as it considered the circumstances on which it was based had changed. The commission has been discussing its proposals with interested parties and it is not known when the new regulation will come into force.

Commission accuses UK over equal pay

The European commission has accused the UK government of not adequately applying the principle of equal pay in the UK. The commission is considering initiating action against seven of the nine community countries, including the UK.

John Grant, Parliamentary Under-Secretary of State for Employment, said on 22 March that it was deplorable that the commission should come to this questionable conclusion and then announce it through a press conference before the council of labour and social affairs ministers had met to consider and give its views on the commission's report. 'I intend to raise this outrageous procedure most strongly at the next council meeting.'

He said that the commission's own report stated that substantial progress had been achieved in the UK since 1973. 'There has been no prior consultation with us about any alleged shortcomings and the UK government considers that it is fully implementing the principle of equal pay through the Equal Pay Act and other equal treatment legislation.'

The government, Mr Grant continued, would be ready to look at any areas where the commission considered it had failed to meet its obligations. 'We are only too ready to plug any gaps where justified, but our observations must await detailed information from the commission. This has been singularly lacking,' he said.

Mr Grant was concerned at the commission's statement because the government was firmly committed to reviewing the Equal Pay Act and was waiting for proposals from the Equal Opportunities Commission. 'As soon as we receive them, I shall be discussing them directly with the Equal Opportunities Commission and with the government's advisory committee on women's employment to see what action should follow.'

New legislation

The legislation listed below has been published in the *Official Journal of the European Communities* as indicated against each item. The *Official Journal* is published in English and copies should be obtained from HMSO. Information about the items listed, in so far as other member states' requirements are concerned, is available to British exporters from Department of Trade, Export Services and Promotions Division, Export House, 50 Ludgate Hill, London EC4M 7HU, tel. 01-248 5757 ext. 7174/482/408.

Common agricultural policy

The texts of the following regulations and decisions which affect the various agricultural sectors in the EEC have been published in the *Official Journal of the European Communities*.

Wine. The *Official Journal* L54, 5 March 1979 contains the texts of the following regulations:

Regulation (EEC) 337/79 on the common organisation of the market in wine.

Regulation (EEC) 338/79 laying down special provisions relating to quality wines produced in specified regions.

Regulation (EEC) 339/79 defining certain products falling within heading 20.07, 22.04 and 22.05 of the common customs tariff and originating in third countries.

Regulation (EEC) 340/79 determining the types of table wines.

Regulation (EEC) 341/79 fixing the guide prices for wine for the period 16 December 1978 to 15 December 1979.

Regulation (EEC) 343/79 laying down general rules governing certain distillation operations in the wine sector.
Regulation (EEC) 344/79 laying down general rules for fixing the reference price and levying the countervailing charge for wine.
Regulation (EEC) 345/79 laying down general rules for granting export refunds on wine and criteria for fixing the amount of such refunds.
Regulation (EEC) 346/79 laying down conditions for applying protective measures in the market in wine.
Regulation (EEC) 347/79 on general rules for the classification of vine varieties.
Regulation (EEC) 348/79 on measures designed to adjust wine-growing potential to market requirements.
Regulation (EEC) 349/79 on the distillation of the by-products of wine making.
Regulation (EEC) 350/79 determining for the 1978/79 wine growing year the prices to be paid under the compulsory distillation of the by-products of wine making and the maximum amount of the contribution from the guarantee section of the European agricultural guidance and guarantee fund.
Regulation (EEC) 351/79 concerning the addition of alcohol to products in the wine sector.
Regulation (EEC) 352/79 authorising the coupage of German red wines with imported red wines.
Regulation (EEC) 353/79 laying down the conditions for coupage and wine making in the free zones on community territory for wine products originating in third countries.
Regulation (EEC) 354/79 laying down general rules for the import of wines, grape juice and grape must.
Regulation (EEC) 355/79 laying down general rules for the description and presentation of wines and grape musts.
Regulation (EEC) 356/79 on general rules governing the special distillation of table wines referred to in article 58 of regulation (EEC) 337/79.
Regulation (EEC) 357/79 on statistical surveys of areas under vines.
Regulation (EEC) 358/79 on sparkling wines produced in the community and defined in item 13 of Annex II to regulation (EEC) 337/79.
Regulation (EEC) 359/79 on direct co-operation between the bodies designated by member states to verify compliance with community and national provisions in the wine sector.

Corrigenda. The *Official Journal* L65, 15 March 1979, contains the following correction to:
Regulation (EEC) 217/79 laying down detailed rules for direct co-operation between the bodies designated to verify compliance with provisions in the wine sector published in the *Official Journal* L31, 7 February 1979.
Page 8, C 'Germany', 2 'Laboratories', (d) 'Bremen':
for: '04 21/4492, 54 47',
read: 04 21/4975461, 4975447, 4975478'.

Animal health. Decision 79/277/EEC derogating from decisions 78/693/EEC, 78/694/EEC, 78/695 and 79/238/EEC concerning animal health conditions and veterinary certification for imports of fresh meat from Argentina, Brazil, Uruguay and Paraguay (*Official Journal* L65, 15 March 1979)

Customs regulations

Regulation (EEC) 477/79 determining certain exceptions within the meaning of article 3(2) of regulation (EEC) 803/68 on the valuation of goods for customs purposes. (*Official Journal* L59, 10 March 1979).

Harmonisation of legislation

Motor vehicles. Corrigenda. The *Official Journal* L65, 15 March 1979 contains the following correction to:
Directive 70/221/EEC on the approximation of the laws of the member states relating to liquid fuel tanks and rear protective devices for motor vehicles and their trailers, published in the *Official Journal* L76, 6 April 1970.
Title, first recital, articles 2 and 2a and annex, section II,
for: 'rear protective device',
read: 'rear underrun protection'.

Imports from non-member states

The *Official Journal of the European Communities* L65, 15 March 1979, contains the texts of the following decisions which authorise the relevant states to refuse entry to the specific goods. The decisions relate to varying periods; full details are set out in the relevant decisions.
Decision 79/271/EEC authorising the United Kingdom not to apply community treatment to woven fabrics of cotton, other than gauze, terry fabrics, narrow fabrics, pile fabrics, chenille fabrics, tulle and other net fabrics, falling within heading 55.09 of the common customs tariff (Nimexe codes 55.09-01, 02, 03, 04, 05, 11, 12, 13, 14, 15, 16, 17, 19, 21, 29, 31, 33, 35, 37, 38, 39, 41, 49, 51, 52, 53, 54, 55, 56, 57, 59, 61, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 76, 77, 78, 81, 82, 83, 84, 86, 87, 92, 93, 97) (category 2), originating in Peru and in free circulation in the other member states.
Decision 79/272/EEC authorising the United Kingdom not to apply community rreatment to blouses and shirt blouses, knitted or crocheted (not elastic or rubberised), or woven, for women, girls and infants, of wool, of cotton or of man-made textile fibres, falling within subheadings ex 60.05 A II and ex 61.02 B of the common customs tariff (Nimexe codes 60.05-22, 23, 24, 25; 61.02-78, 82, 84) (category 7), originating in Taiwan and in free circulation in the other member states.
Decision 79/273/EEC authorising France not to apply community treatment to men's and boys' woven overcoats, raincoats and other coats, cloaks and capes, other than those of category 14 A, of wool, of cotton or of man-made textile fibres, falling within heading ex 61.01 of the common customs tariff (Nimexe codes 61.01-41, 42, 44, 46, 47) (category 14 B), originating in Romania and in free circulation in the other member states.
Decision 79/274/EEC authorising Belgium, Luxembourg and the Netherlands not to apply community treatment to women's, girls' and infants' woven overcoats, raincoats and other coats, cloaks and capes, jackets and blazers, other than those of category 15 A, of wool, of cotton or of man-made textile fibres, falling within subheading ex 61.02 B of the common customs tariff (Nimexe codes 61.02-31, 32, 33, 35, 36, 37, 39, 40) (category 15 B), originating in Yugoslavia and in free circulation in the other member states.
Decision 79/275/EEC authorising France not to apply community treatment to certain setts, flags and paving, hearth and wall tiles, falling within subheadings 69.07 ex A or B ex II and 69.08 ex A or B ex II of the common customs tariff, originating in South Korea and in free circulation in the other member states.
Decision 79/276/EEC authorising France not to apply community treatment to receivers, whether or not incorporating sound recorders or reproducers, falling within subheading 85.15 A III of the common customs tariff, originating in Hong Kong and in free circulation in the other member states.

OTAR: help for exporters

Overseas Tariffs and Regulations Section (OTAR), Export Services and Promotions Division, Department of Trade, Export House, 50 Ludgate Hill, London EC4M 7HU, tel. 01-248 5757 can give you directly, or through your regional office, up-to-date information on the tariffs and customs regulations of overseas countries, import licensing regulations and restrictions including import quotas; certificate of origin; consular invoices and fees; labelling and marking requirements; foodstuffs, drugs and pharmaceuticals, agency legislation, setting up of a subsidiary company and the imports of samples. It also provides information, in collaboration with the Ministry of Agriculture, Fisheries and Food, on health regulations for livestock, meat, animal products and plants and seeds. In short, OTAR can help on almost all legislation which affects the entry of British goods into overseas countries.

Inquiries which concern the countries of more than one sub-section (excluding inquiries involving only EEC countries) should be made to OTAR's co-ordination sub-section of 01-248 5757 extension 452 or 454.

For information on specific countries, phone the number and extension given below

01-248 5757

extension

Sub-section A
1 Co-ordination of EEC regulations requirements and common customs tariff (CCT), Denmark, France incl. overseas territories, Greece, Turkey, Cyprus

408 Denmark (incl. Faroe Islands and Greenland). EEC legislation on tariff and non-tariff barriers relative to community trade
423 France and French overseas departments, French overseas territories, Comoros
439 Greece (incl. Dodecanese Islands), Turkey, Cyprus

2 Benelux, Dutch overseas territories, Irish Republic, Italy, Federal Republic of Germany

288 Belgium, Luxembourg, Netherlands, Netherlands Antilles, Aruba, Bonaire, Curacao, St Eustatius, St Martin (Dutch), Saba, Suriname
466 Italy, Irish Republic
467 Federal Republic of Germany

Sub-section B
Efta countries, Spain, Gibraltar, Malta, Israel, Macao

458 Israel, Norway, Gibraltar, Malta
459 Austria, Sweden, Switzerland
460 Portugal, Finland, Iceland, Macao
461 Spain, Canary Islands, Andorra

Sub-section C
1 North America, Bahamas, Bermuda, West Indies

455 Canada
456 USA (incl. Alaska, Caroline Islands, Guam, Hawaii, Mariana Islands, Marshall Islands, Panama Canal Zone, Puerto Rico, Samoa (US), Virgin Islands (US), Wake Island)
7312 Anguilla, Antigua, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St Kitts/Nevis, St Lucia, St Vincent, Trinidad and Tobago, Turks and Caicos Islands

2 South and central America

474 Argentina, British Antarctic Territories and Antarctica, Cuba, Dominican Republic, Falkland Islands, Haiti, Paraguay, Uruguay, Bolivia, Chile, Colombia, Ecuador, Peru, Venezuela
476 Brazil, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama

Sub-section D
Africa

462 Algeria, Ceuta and Melilla, Egypt, Equatorial Guinea, Libya, Morocco, Sudan, Tunisia, Western Sahara
471 Angola, Cape Verde, Guinea-Bissau, Jibuti (Djibouti), Malawi, Mauritius, Mozambique, Rwanda, St Helena and Tristan da Cunha and Ascension Islands, Sao Tome/Principe, Seychelles, Somalia, South Africa (with Botswana, Lesotho, SW Africa/Namibia and Swaziland), Zambia, British Indian Ocean Territory
472 Benin, Burundi, Cameroon, Central African Empire, Chad, Congo (Brazzaville), Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Kenya, Madagascar, Mali, Mauritania, Niger, Senegal, Tanzania, Togo, Uganda, Upper Volta, Zaire
473 The Gambia, Liberia, Nigeria, Rhodesia, Sierra Leone

Sub-section E
Australasia and south-east Asia, Eastern Bloc, China, Mongolia, Yugoslavia

401 New Zealand, Singapore, Thailand, W. Samoa, Chatham Islands, Cook Islands, Niue Islands, Tokelau Islands, Philippines
468 Australia, Solomon Islands, Cocos (Keeling) Islands, Christmas Island (Indian Ocean), Nauru, New Hebrides, Papua New Guinea, Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, USSR, China, Mongolia, Yugoslavia
469 Brunei, Fiji, Hong Kong, Indonesia, Malaysia, Tonga, Gilbert Islands (incl. Ocean Island, Phoenix and Northern Line Islands), Tuvalu, Norfolk Island, Pitcairn Island

Sub-section F
Middle East (Part) and Asia (Part)

420 Afghanistan, Burma, India, Pakistan, Japan, Korea Democratic Peoples Republic, Korea Republic of Taiwan, Yemen Arab Republic, Yemen Peoples Democratic Republic
475 Iraq, Kampuchea (formerly Cambodia), Kuwait, Laos, Lebanon, Vietnam Socialist Republic of, Bahrain, Iran, Oman, Qatar, Syria, United Arab Emirates
7062 Bangladesh, Jordan, Maldives, Nepal, Saudi Arabia, Sri Lanka

UK-commission discussions outlined

On 15 March, ministers responsible for home affairs, overseas development, prices and consumer protection, social services, and the environment were asked in the House of Commons about discussions their departments were having with the European commission. Below is a summary of their replies.

Home

Merlyn Rees, Home Secretary, said the Home Office was discussing a draft directive on illegal migration and illegal employment; as a member of a commission working group on data processing and the protection of privacy, the state of work of other international organisations on this subject, the progress of research work into transborder data flows with the community, the state of legislation in member countries, and the possibility of a community directive; and preliminary consideration of a draft directive on hotel fire precautions in community countries.

Overseas development

Judith Hart, Minister of Overseas Development, said talks covered a range of aid matters, the principal ones being: the working of the Lomé convention and, in particular, the consideration of indicative aid programmes and proposals for projects in the African, Caribbean and Pacific states, and member states' dependencies, to be financed from the fourth European development fund (EDF). These proposals were presented by the commission to the EDF committee which was composed of representatives from the nine. In addition, the department maintained regular informal contacts with directorate-general VIII of the commission on all aspects of the community's financial and technical co-operation with the ACP countries, and played an active part in the current negotiations on the arrangements to succeed the Lomé convention.

Under agreements which had recently been concluded between the community and Greece, Turkey, Cyprus, the Lebanon, Portugal, Malta, the Maghreb and the Mashraq countries, aid would be provided to assist economic and social development. ODM had been engaged in discussions to establish appropriate administrative machinery for considering project proposals and had taken part in two *ad hoc* meetings to consider projects proposed by the commission.

Mrs Hart said she had been active in securing substantial increases in the level of community aid to non-associated developing countries, and in concentrating this assistance on the poorest countries, particularly in Asia, although she was not yet satisfied with progress in this direction. The adoption of a draft regulation establishing the present *ad hoc* programme on a more satisfactory continuing basis awaited agreement between the assembly and the council over the question of procedures to be adopted for disputed projects.

Commission document 4318/79 introduced draft legislation giving force to the aim that community food aid should be developmentally orientated. It proposed delegation of the allocations, and of logistical and emergency arrangements, to the commission from the existing council group, and the establishment of a management committee to assist the commission.

Following the adjournment in February of the United Nations conference on trade and development (Unctad) negotiations on a new international grains agreement, discussions were proceeding with a view to extending the present 1971 food aid convention. The commission had proposed that the volume of community food aid in cereals and butter-oil should be increased as part of the common agricultural policy price review for 1979/80.

Member states regularly co-ordinated their views within the community on a wide range of issues on the so-called north-south dialogue. ODM played a full part in this process. At the moment, the community's main attention was concentrated upon the forthcoming fifth general conference of Unctad, to be held in Manila in May.

Prices and consumer protection

Roy Hattersley, prices secretary, said that a draft regulation before the council proposed measures for the control of business mergers and acquisitions which would otherwise lead to restriction of effective competition within the community. It was a commission proposal dating from 1973 which was being discussed in a council working group. It was not expected to come before the council for some time.

A draft commission regulation providing for the exemption of certain patent licensing agreements from notification to the commission under article 85 of the treaty of Rome had been discussed in the advisory committee on restrictive practices and dominant positions. The draft regulation was published in the *Official Journal of the European Communities* on 3 March, and the European commission had invited comments on it from interested parties.

A draft directive on the marking and display of the prices of foodstuffs, under article 235 of the treaty of Rome, provided for the indication of the selling and or the unit price for virtually all foods sold by retail. The draft instrument which was currently being discussed in the council machinery, might go to the council within the next few months.

Health and social security

Roland Moyle, Minister of State at the Department of Health and Social Security, said the main topic involved had been set out in the six-monthly white paper on developments in the EEC and proposals for legislation were laid before the house.

Proposals at present under consideration by the council were directives relating to the mutual recognition of qualifications and right of establishment, etc. of midwives, amendments to EEC regulation 1408/71 relating to social security of employed persons and their families moving within the community (in order to extend cover to the self and non-employed), and the second programme of research in the field of medical and public health research. The department was also involved, with others, in discussing a draft directive for the protection of employees in the event of insolvency by their employers, which was also before the council.

Discussions had covered the co-ordination of social protection policies, the European social budget, the poverty programme and social security in agriculture. The department was also involved in discussions in such organisations as the administrative commission on social security for migrant workers, the pharmaceutical committee, the committee for proprietary medicinal products, the committee of senior officials in public health, the advisory committee on medical training and the committee for information and documentation on science and technology.

Environment

Peter Shore, environment secretary, said the council of EEC environment ministers had a general discussion on the community's environment policy on 18 December 1978 and a similar discussion was to be held on 9 April. The department had a general discussion with the commission on 27 and 28 February about action under the community's environment programme.

The following proposals had been put by the commission to the council of ministers and were under consideration, or would be considered, in council working groups:

☐ Directive on the reduction of water pollution caused by wood pulp mills in member states.

☐ Directive relating to the quality requirements for waters favourable to shellfish growth.

☐ Directive on the protection of groundwater against pollution caused by certain dangerous substances.

☐ Directive on the methods of measurement and frequencies of sampling for surface water abstracted for drinking in the member states.

☐ Directive on the sixth modification of the June 1967 directive on the approximation of the laws of member states relating to the classification, packaging and labelling of dangerous substances.

☐ Directive on the approximation of the laws of the member states relating to noise emitted by lawn-mowers.

☐ Decision reviewing the second multi-annual research and development programme for the EEC in the environment field.

☐ Directive on the mutual recognition of qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services.

☐ Decision setting up an advisory committee on education and training in the field of architecture.

☐ Directive on the approximation of the laws, regulations and administrative procedures of the member states relating to construction products.

☐ Council resolution laying down a list of priority products to be covered by directives implementing the proposed framework directive on construction products.

Explanatory memoranda on these proposals had been put to the scrutiny committee.

Discussions were taking place in commission expert groups within the environment and construction fields on a number of matters which had not yet developed to a stage where the commission had put forward any proposals to the council of ministers. Discussions also took place in commission advisory committees concerned with implementing action under the commission's research programme in the environment.

Statistics

The economy: selected indicators[1]

Series are seasonally adjusted except where shown otherwise

	Gross domestic product (average estimate)	Consumers' expenditure	Fixed capital expenditure			Changes in stocks				Balance of payments		
			Total	of which: Manufacturing industry	of which: Distributive and service industries excl. shipping	Total	of which: Manufacturing industry	of which: Wholesalers'	of which: Retailers'	Current balance	Visible balance	Invisible balance
	at 1975 prices		at 1975 prices			at 1975 prices				at current prices		
Base of index Series in Stock level at end-1977	1975	£ million	£ million			34,469	19,995	4,540	3,181	£ million		
1973	103.3	65 586	21 609	3 504	4 674	2 983	1 336	432	624	−999	−2 383	1 384
1974	101.4	64 212	21 175	3 822	4 605	1 462	1 288	361	−180	−3 591	−5 235	1 644
1975	100.0	63 385	20 488	3 522	3 841	−1 625	−1 221	−249	−100	−1 843	−3 236	1 393
1976	103.0	63 540	20 415	3 345	3 926	260	316	131	13	−1 137	−3 601	2 464
1977	105.0	62 954	19 966	3 573	4 325	978	442	266	29	298	−1 744	2 042
1978	108.1 p	66 397 p	20 408 p	3 848	4 681	944 p	595	−15	333	254	−1 175	1 429
1976 2nd qtr	102.4	15 834	5 111	828	972	−74	−29	−10	−67	−328	−949	621
3rd qtr	103.3	15 934	5 184	849	1 005	163	99	81	46	−411	−1 136	725
4th qtr	104.3	16 007	4 958	856	1 014	259	260	17	27	−315	−966	651
1977 1st qtr	103.9	15 622	4 820	851	1 030	430	235	82	117	−428	−946	518
2nd qtr	104.5	15 551	5 007	879	1 044	293	97	179	4	−297	−779	482
3rd qtr	105.1	15 876	5 069	910	1 103	−70	−6	−80	−59	522	−3	525
4th qtr	106.5	15 905	5 070	932	1 149	325	116	85	−33	501	−16	517
1978 1st qtr	105.9	16 296	5 140	923	1 162	290	38	81	62	−341	−596	255
2nd qtr	108.4	16 487	5 157	963	1 173	280	272	−62	128	146	−173	319
3rd qtr	109.2	16 858	5 128	981	1 161	302	175	45	54	51	−367	418
4th qtr	108.8 p	16 756 p	4 983 p	982	1 184	72 p	111	−79	89	398	−39	437
% change last 2 qtrs on prev. 2 qtrs.	+1.7	+2.5	−1.8	+4.1	+0.4							
on a year earlier	+3.0	+5.8	−0.3	+6.6	+4.1							

	Industrial production		Personal expenditure		Prices and earnings				Labour (UK)				Visible trade (volume)	
	Total all industries	Total manufacturing industries	Retail sales	Cars: new registrations	Retail prices		Wholesale prices: all manufacturing industry: basic materials and fuel used	Wholesale prices: all manufacturing industry: manufactured products: home sales	Average gross earnings of all employees (GB, all industries and services covered)	Unemployed excluding school leavers and adult students		Unfilled vacancies for adults	Export	Import
				monthly averages		% increase on a year earlier				mid-month count	% of total employees	mid-month count	On a balance of payment basis	
	at 1975 prices		at 1971 prices		(not seasonally adjusted)				(old series)				at 1975 prices	
Base of index £m in base year Series in	1975	1975	1971 16,296	thousands	Jan. 1974		1975	1975	Jan. 1970	thousands		thousands	1975 19,463	1975 22,699
1973	109.5	108.4	110.3	137.1	93.5	9.1	58.8	66.7	152.1	611.0	2.6	307.0	97.7	108.8
1974	105.1	106.5	109.0	102.8	108.5	16.0	86.8	81.8	179.1	599.7[2]	2.6[2]	302.7[2]	104.2	109.7
1975	100.0	100.0	106.7	97.2	134.8	24.2	100.0	100.0	226.6	929.0	3.9	150.0[2]	100.0	100.0
1976	102.0	101.4	106.5	104.7	157.1	16.5	127.0	117.3	261.9	1 269.8[2]	5.4[2]	120.4[2]	109.7	105.6
1977	105.8	102.8	103.6	107.1	182.0	15.8	145.6	140.5	288.5	1 378.1	5.8	155.6[2]	118.9	107.2
1978	109.7	103.5	109.2	130.1	197.1	8.3	144.6	153.3	330.2	1 375.6	5.8	210.3	122.9	112.6
1977 1st qtr	105.6	103.9	103.3	104	174.1	16.5	144.8	133.0	280.0	1 329.5	5.6	..	115.9	108.8
2nd qtr	105.5	102.4	102.4	103	181.9	17.4	148.8	139.6	285.3	1 340.6	5.6	157.7	117.7	110.6
3rd qtr	106.2	103.0	104.2	112	184.7	16.5	146.5	143.8	288.3	1 414.6	5.9	151.9	124.6	107.3
4th qtr	105.8	101.8	104.7	110	187.4	13.1	142.2	145.8	300.4	1 427.8	6.0	160.1	117.3	102.3
1978 1st qtr	107.0	102.2	106.4	131	190.6	9.5	140.2	149.2	310.8	1 409.4	5.9	187.7	119.6	113.5
2nd qtr	110.7	104.5	107.9	132	195.8	7.7	146.3	151.8	329.0	1 372.7	5.7	210.3	122.2	109.7
3rd qtr	111.4	104.9	110.7	135	199.2	7.8	144.9	154.8	334.6	1 380.5	5.8	213.0	124.8	114.9
4th qtr	109.6	102.5	111.7	123	202.6	8.1	147.1	157.3	346.4	1 339.7	5.6	230.3	124.8	112.3
1979 1st qtr										1 350.7	5.7	233.8		
1978 Mar	106.8	102.4	107.2	145	191.8	9.1	142.0	150.0	314.8	1 400.0	5.9	195.8	120.4	116.3
Apr	111.0	105.1	106.9	134	194.6	7.9	145.1	150.9	325.7	1 387.1	5.8	203.7	124.3	104.8
May	110.0	103.5	108.2	126	195.7	7.7	146.8	151.9	327.2	1 366.4	5.7	209.9	120.5	113.3
Jun	111.1	105.0	108.6	135	197.2	7.4	147.0	152.7	334.0	1 364.7	5.7	217.4	121.9	111.1
Jul	111.5	104.9	111.0	109	198.1	7.8	145.8	153.8	332.7	1 371.4	5.7	211.0	125.7	114.3
Aug	112.0	105.7	111.7	148	199.4	8.0	144.2	154.8	333.2	1 392.1	5.8	209.3	124.5	111.3
Sep	110.6	104.1	109.6	146	200.2	7.8	144.8	155.7	338.0	1 378.3	5.8	218.7	124.3	119.1
Oct	108.5	101.7	110.2	134	201.1	7.8	145.7	156.6	344.8	1 359.6	5.7	228.4	125.9	110.8
Nov	109.4	102.3	110.5	119	202.5	8.1	147.3	157.1	343.5	1 338.8	5.6	231.3	122.5	113.7
Dec	111.0	103.4	113.8	115	204.2	8.4	148.3	158.3	351.0	1 320.7	5.5	231.2	126.0	112.5
1979 Jan	104.4 p	94.9 p	109.6	121	207.2	9.3	150.4 p	159.8 p	344.4 p	1 339.1	5.6	235.9	113.1	107.3
Feb			111½ p	117	208.9	9.6	151.1 p	161.5 p		1 362.5	5.7	230.9		
Mar										1 350.4 p	5.7	235.9 p		
% change latest 3 months														
on prev. 3 months	−1.9	−3.5	+1.5	−11.5	+2.7		+2.7	+2.2	+2.3	+0.8		+1.7	−3½	−2
on a year earlier	+1.9	−1.9	+5.2	+0.0	+9.1		+7.2	+8.1	+14.0	−4.2		+24.8	+5	+5½

p Provisional e Estimate [1] Including figures published by 30 March 1979 [2] Average of available months

Inquiries: 01-215 3453

Export sales not yet following machine tool orders

Metal working machine tool industry: volume of sales and orders up to December 1978

The last line of the trend figures in the table show percentage changes between September and December 1978. It will be seen that the trends of sales for both home and overseas markets is still declining. Reference to the similar line of percentages for the seasonally adjusted data confirms this assessment.

Nevertheless, the picture is not unhopeful since a similar analysis for new orders from the export market shows a welcome increase. New orders from the home market show a falling trend on the three monthly comparison but the seasonally adjusted figures give some grounds for hope that this will change for the better.

Looking at the run of figures provided for the combined markets, total orders-on-hand have been steadily lengthening since mid-1976 apart from a slight trough in mid-1978. This reflects the picture of new orders being consistently higher than sales except for a period in mid-1978 with the latest figures showing higher indices for new orders than hitherto, contrasted with an unusually low figure for sales in December.

Inquiries: Department of Industry, Mechanical Engineering Statistics, Room 610, Dean Bradley House, Horseferry Road, London SW1P 2AG, tel. 01-212 6044.

Gear motors for Poland

High-ratio gear motors for Navimor, Poland, under construction at the Cosham, Hants, factory of Normand Electrical Co. The picture shows limit switches being fitted. These are operated by the cam, seen in the centre of the housing, which is driven from an extension of the output shaft.

Trend and seasonally-adjusted volume index numbers for metal-working machine tool industry – MLH332

	Total			Home			Export		
	Orders on hand (end of period) 1975 average = 100	New orders (a) 1975 average monthly sales = 100	Sales	Orders on hand (end of period) 1975 average = 100	New orders 1975 average monthly sales = 100	Sales	Orders on hand (end of period) 1975 average = 100	New orders (a) 1975 average monthly sales = 100	Sales
Ratio of orders on hand/ average monthly sales in 1975 (b)	5.5			4.7			6.8		
Trend estimates									
1976									
July	60	75	80	63	85	83	58	60	74
August	60	79	80	63	89	85	57	62	71
September	60	82	81	63	91	88	56	66	69
October	60	84	82	64	92	91	57	72	69
November	61	86	84	64	92	93	57	77	69
December	61	87	84	63	90	93	59	81	69
1977									
January	61	87	83	63	90	92	60	82	69
February	62	87	82	63	90	90	61	81	68
March	63	86	80	64	92	88	62	77	67
April	64	86	78	65	95	86	63	71	65
May	65	85	78	66	96	86	63	67	65
June	66	85	78	68	96	85	63	67	66
July	66	85	78	69	95	84	63	69	69
August	67	85	79	71	94	83	63	70	71
September	68	84	78	72	92	82	63	71	73
October	69	84	79	74	92	82	62	70	74
November	69	84	79	75	95	82	62	67	74
December	70	84	79	78	98	83	61	64	74
1978									
January	70	84	80	80	99	84	59	59	73
February	70	81	80	81	97	84	58	55	72
March	70	77	79	82	93	84	56	53	71
April	70	74	79	83	88	84	54	52	71
May	69	73	79	83	85	84	52	54	70
June	68	75	79	83	85	85	51	59	70
July	68	79	80	83	88	86	51	66	70
August	69	85	80	84	92	87	51	74	70
September	70	90	80	85	96	87	52	80	70
October	72	92	79	87	98	86	54	84	69
November	74	92	78	88	97	85	56	85	66
December	75	91	76	90	94	84	57	86	63
Percentage change (c) (d) September-December 1978	+7.0	+1.0	−5.0	+5.5	−3.0	−3.0	+9.5	+8.0	−10.0
Seasonally adjusted									
1974	133	105	102	133	103	106	133	108	96
1975	74	60	100	73	64	100	75	53	100
1976	59	74	84	61	79	87	57	65	79
1977	70	87	80	77	95	86	61	73	70
1978	76	84	79	92	94	85	58	67	70
1977									
1st qtr	63	92	82	64	96	90	63	86	68
2nd qtr	66	86	79	69	99	87	63	67	67
3rd qtr	67	82	78	71	90	83	62	70	71
4th qtr	70	85	79	77	96	83	61	68	73
1978									
1st qtr	70	81	80	82	97	84	55	55	72
2nd qtr	67	70	78	82	82	84	50	51	69
3rd qtr	70	88	80	85	94	86	52	79	71
4th qtr	76	96	79	92	104	86	58	85	67
1977									
January	62	120	95	63	117	102	61	125	84
February	62	76	77	63	86	86	61	60	61
March	63	81	73	64	85	81	63	74	61
April	63	79	79	63	85	87	63	68	67
May	65	88	76	66	102	81	63	66	66
June	66	92	82	69	108	91	63	66	68
July	67	87	79	70	95	87	63	73	65
August	67	80	77	71	92	82	63	62	67
September	67	80	80	71	82	80	62	76	79
October	68	86	78	73	93	79	62	75	76
November	70	85	74	76	93	76	62	71	71
December	70	85	85	77	102	93	61	57	72
1978									
January	70	82	79	79	99	82	59	54	73
February	71	89	80	82	103	85	58	67	71
March	70	73	81	82	90	85	55	44	73
April	71	82	74	85	95	75	54	60	72
May	69	64	83	82	71	91	52	51	68
June	67	66	78	82	80	84	50	43	67
July	69	90	79	83	96	83	51	81	71
August	68	76	81	83	84	89	50	64	68
September	70	98	81	85	103	86	52	91	73
October	73	100	77	89	106	86	55	89	62
November	73	84	85	88	87	86	55	80	82
December	76	105	74	92	117	85	58	85	56
1978 (AV) October-December	74	96	79	89	103	86	56	85	67
1978 (AV) July-September	69	88	80	84	94	86	51	79	71
Percentage change (c) (d)	+7.5	+9.0	−2.0	+6.5	+10.0	−0.5	+9.5	+7.5	−5.5

(a) Net of cancellations. (b) This ratio shows the number of months' work in the order book in the base year at the then average rate of sales. (c) For orders on hand the percentage changes compare the level at the end of the latest period shown with the corresponding level for the earlier period. (d) The percentage changes have been based on the unrounded values.

Engineering industries: indices of production up to December

Output of the combined engineering industries fell slightly between the third and fourth quarters of 1978. There was a marked fall in the mechanical engineering sector but a small rise in instrument engineering with electrical engineering remaining virtually flat.

In the mechanical engineering sector the modest improvement in output shown in the second and third quarters of 1978 now appears to have been short lived and the index has dipped to its lowest quarterly level since 1972. On the other hand the electrical engineering sector seems to have recovered from a minor setback during the September-November period and has resumed its upward progress, albeit at a much reduced rate. The instrument engineering sector has shown a healthy rate of growth over the past year and this appears to be continuing.

Within the mechanical engineering industries performance has been varied over recent months. The largest movements between the third and fourth quarters were shown by the 'textile machinery' (MLH 335) and 'weighing machinery and power tools' (MLH 3395/6) industries where large increases occurred. Both industries are small, however, and of the more highly weighted 'other non-electrical machinery' and 'industrial plant and fabricated steelwork' (MLH 3415) had large falls while the other three industries with weights greater than 3 per cent of combined engineering are thought to have suffered setbacks (although in some cases the results are not based upon firm enough response to justify individual publication). The small rise shown by the 'agricultural machinery' industry (MLH 331) suggests that the problems caused by stock reductions by distributors over recent months may be easing in which case further recovery is to be looked for.

There has been little change in the performance of the instrument engineering industries over recent months. Despite small falls production in the 'photographic and copying equipment' (MLH 351) and 'watches and clocks' (MLH 352) industries remains at a respectable level, and the expansion of the 'scientific and industrial instruments' industry (MLH 354) shows no sign of slackening.

Within electrical engineering nearly twice as many industries showed falls than rises but substantial increases in the important 'computers' (MLH 366) and 'electronic capital goods' (MLH 367) industries were large enough to counter falls elsewhere. The most important of the falls was in 'electrical machinery' (MLH 361) but the most dramatic was in 'records and tapes' (MLH 3651) where the serious problems mentioned in previous articles appear to be continuing.

Inquiries: On the article and the statistics: Miss L. John, Branch EcS3A, Department of Industry, Room 607, Dean Bradley House, 52 Horseferry Road, London SW1P 2AG, tel. 01-212 5770. Requests for quarterly indices for past years: Mr P. Coulson, Branch 5, Central Statistical Office, Great George Street, London SW1P 3AG, tel. 01-233 7239.

Indices of production for engineering industries
Seasonally adjusted volume indices

		1975 = 100				1977				1978				
MLH		Weight (percentage)	1976	1977	1978	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr p	2nd qtr p	3rd qtr p	4th qtr p	Per cent change 3rd qtr average on 4th qtr average
3310	Agricultural machinery	1.07	96.6	93.6	91.0	98.9	88.8	94.2	92.6	92.0	100.5	84.9	86.8	+2
3320	Machine tools	2.94	83.3	80.0	79.4	82.1	78.9	79.2	79.9	79.4	78.9	81.0	78.5	−3
3331	Pumps	1.33	107.6	110.9	111.0	116.1	110.6	109.9	107.0	110.4	113.8	112.4	107.6	−4
3332	Valves	1.87	91.2	96.3	94.7	97.9	89.4	104.2	93.7	94.5	96.4	98.5	89.4	−9
3333/4	Compressors	1.90	97.9	101.4	101.5	100.3	98.0	102.4	105.1	103.8	101.2	103.4	97.6	−6
3340	Industrial engines	1.54	100.9	109.3	107.2	113.0	104.3	108.3	111.4	106.0	110.0	102.6	110.3	+7
3350	Textile machinery	1.89	69.6	46.7	43.1	52.4	44.2	43.4	47.0	41.6	43.7	40.2	46.8	+16
3360	Construction equipment	2.99	99.1	100.0	91.6	111.2	95.2	98.1	95.8	89.7	96.0	89.5	91.4	+2
3370	Mechanical handling equipment	3.72	90.1	88.0	'	92.1	89.5	88.2	82.5	85.0	87.1	90.2	'	
3380	Office machinery	1.25	95.9	97.2	'	99.6	94.8	96.6	97.6	72.4	71.2	'	'	
3391	Mining machinery	1.54	93.1	87.2	'	80.7	86.0	86.5	95.5	105.4	100.2	108.6	'	
3392	Printing and paper machinery	1.05	86.7	86.6	'	89.1	85.5	83.9	87.9	85.4	103.7	99.6	'	
3393/4	Refrigerating and space-heating machinery	2.40	94.6	93.6	94.7	97.6	94.5	93.2	89.1	96.0	95.7	93.8	93.3	—
3395/6	Weighing machinery and power tools	0.75	99.3	101.6	118.3	99.6	104.0	93.9	109.1	115.0	112.6	103.5	142.1	+37
3397/8	Food processing machinery packaging machinery	1.62	93.6	90.0	89.4	92.0	89.5	96.2	82.3	88.0	88.3	91.4	89.7	−2
3399	Other non-electrical machinery	3.79	96.5	96.5	94.9	108.1	93.2	91.0	93.6	99.8	92.3	100.5	87.2	−13
3414	Constructional steelwork	3.51	93.1	79.0	80.0	81.5	78.6	80.2	75.7	77.5	81.7	81.0	79.7	−2
3415	Industrial plant and fabricated steelwork	9.59	101.9	101.2	99.5	100.0	103.3	101.7	99.8	96.9	96.0	106.8	98.4	−8
3491	Ball, roller and plain bearings	1.76	99.2	97.9	93.5	102.2	98.8	95.8	94.8	95.2	96.1	93.4	89.3	−4
	Other mechanical engineering	7.64	95.6	95.5	'	96.2	94.2	97.5	94.0	97.7	95.4	98.6	'	
	Mechanical engineering	54.14	95.1	93.2	92.3	95.9	92.2	93.2	91.5	91.8	92.2	94.4	90.9	−4
3510	Photographic and copying equipment	0.42	99.7	103.1	136.4	100.5	105.3	108.3	98.4	129.6	134.6	141.8	139.8	−1
3520	Watches and clocks	0.51	91.3	90.5	98.7	86.1	88.1	96.8	91.2	89.5	95.7	106.4	103.3	−3
3530	Surgical instruments	1.42	91.5	89.2	'	91.5	88.4	89.0	88.0	86.3	84.6	87.1	'	
3540	Scientific and industrial instruments	4.80	98.4	102.0	108.1	99.9	102.4	102.2	103.4	104.5	109.0	108.5	110.2	+2
	Instrument engineering	7.15	96.6	98.7	104.8	97.3	98.7	99.6	99.2	101.3	104.7	106.0	107.3	+1
3610	Electrical machinery	6.81	97.6	102.1	103.2	100.0	101.2	103.9	103.1	109.0	104.2	107.1	92.4	−14
3620	Wires and cables	2.64	101.6	107.5	104.4	109.6	108.0	108.5	103.7	102.6	105.5	103.7	105.7	+2
3630	Telecommunications	4.62	86.8	72.2	68.1	72.9	71.6	73.5	70.9	67.0	71.1	67.0	67.2	—
3640	Electronic components	5.18	106.6	121.4	133.4	119.7	121.3	120.8	123.9	131.9	134.8	136.4	130.4	−4
3651	Records and tapes	0.59	93.1	95.7	90.6	104.7	93.0	88.8	96.3	95.6	109.0	89.0	68.9	−22
3652	Broadcasting equipment	1.73	92.4	89.7	102.1	89.0	84.8	95.7	89.4	95.1	111.0	100.0	102.5	+2
3660	Computers	3.20	103.4	122.4	161.9	107.6	117.9	132.0	132.3	144.0	142.3	161.2	200.0	+24
3670	Electronic capital goods	5.37	104.5	116.0	118.1	115.2	113.3	114.2	121.3	116.5	113.4	116.5	125.9	+8
3680	Domestic electrical appliances	3.10	92.2	93.2	91.9	99.9	89.1	92.3	91.4	86.0	94.8	94.0	92.7	−1
3691	Electric parts for vehicles	2.15	97.3	89.7	90.5	93.4	97.7	74.9	92.8	98.0	89.7	91.0	83.5	−8
3692/3	Batteries	1.19	99.2	98.4	108.0	101.3	88.8	99.3	104.0	101.7	113.4	110.9	106.1	−4
3694	Lamps and other electrical	2.14	96.4	98.0	105.6	99.8	98.2	98.0	96.1	105.7	108.2	105.0	103.4	−2
	Electrical engineering	38.71	98.5	102.7	108.5	102.0	101.3	103.0	104.4	106.9	108.2	109.3	109.5	—
	Combined engineering	100.00	96.5	97.3	99.5	98.4	96.2	97.4	97.1	98.3	99.3	101.0	99.3	−2

' Not available owing to insufficient response. p Provisional.

Capital expenditure of the manufacturing, distributive and service industries in the fourth quarter 1978: revised estimates

Revised estimates of capital expenditure in the fourth quarter of 1978 bring the year levels to £3,848 million at 1975 prices for the manufacturing industries and £4,681 million for the distributive and service industries an increase for both sectors of 8 per cent over 1977.

The estimated level obtained for 1978, about £4,215 million, when capital expenditure by manufacturers is augmented by an estimate of capital goods acquired by manufacturers on finance leases from leasing companies (who are classified outside of manufacturing) is probably much the same as the previous all time peak in 1970 when the effect of leasing was much less important.

Manufacturing industry

The latest estimate of capital expenditure by manufacturing industry in the fourth quarter of 1978 is £982 million at 1975 prices seasonally adjusted; £14 million higher than the provisional figure and the same as in the third quarter. The total for the year of £3,848 million is 8 per cent above the 1977 level; excluding the iron and steel industry the increase is 14 per cent.

Nine of the 12 industries recorded increased capital expenditure between 1977 and 1978: the coal and petroleum products industry, an increase of over 60 per cent, the vehicles industry, up by about 40 per cent, the instrument and electrical engineering industry, over 25 per cent, and the chemicals industry, a rise of about 20 per cent. The paper, printing and publishing industry had a rise of some 15 per cent and increases of about 7 per cent were recorded for the drink and tobacco, the non-ferrous metals and the mechanical engineering, shipbuilding and metal goods industries; investment by the food industry rose by 4 per cent. Only one industry, iron and steel, had a substantial fall, down by over 30 per cent. Small falls were recorded by the textile. leather and clothing and the residual other manufacturing industries.

Investment in individual assets in 1978 increased by 13 per cent in new building work, by 18 per cent in plant and machinery – bringing the level to within £8 million of the all time peak in 1970 – and fell by 7 per cent in vehicles compared with 1977.

Table 1 **Fixed capital expenditure at 1975 prices seasonally adjusted of manufacturing, distributive and service industries**

£ million

		Analysis by industrial sectors			Analysis by type of asset		
Period	Total	Manufacturing industries	Distributive and service industries (excluding shipping)	Shipping industry	New building work	Vehicles	Plant and machinery
1967	6 680	3 412	2 985	283	2 439	1 150	3 091
1968	7 386 (7 232) [1]	3 642 (3 549)	3 262 (3 251) [1]	483 (433) [1]	2 510	1 431 (1 381) [1]	3 446 (3 342) [1]
1969	7 763 (7 917) [1]	3 898 (3 991)	3 478 (3 489) [1]	387 (437) [1]	2 716	1 386 (1 436) [1]	3 661 (3 765) [1]
1970	8 470	4 196	3 669	605	2 766	1 603	4 101
1971	8 413	3 923	3 888	602	2 870	1 546	3 997
1972	8 249	3 398	4 055	796	2 585	1 891	3 774
1973	8 997	3 504	4 674	818	2 740	2 097	4 160
1974	9 112	3 822	4 605	685	2 656	2 010	4 446
1975	7 929	3 522	3 841	565	2 158	1 590	4 181
1976	7 601	3 345	3 926	329	1 993	1 552	4 056
1977	8 296	3 573	4 325	398	1 998	1 768	4 530
1978	8 724	3 848	4 681	195	2 097	1 689	4 937
1972							
1st qtr	2 047	901	965	181	653	431	963
2nd	2 069	841	1 016	211	650	478	941
3rd	2 024	829	1 015	180	632	466	926
4th	2 110	827	1 059	224	650	516	944
1973							
1st qtr	2 304	878	1 167	259	708	571	1 026
2nd	2 168	845	1 157	166	683	471	1 015
3rd	2 224	912	1 158	154	697	483	1 044
4th	2 300	869	1 192	239	652	573	1 076
1974							
1st qtr	2 300	951	1 224	124	713	468	1 119
2nd	2 269	948	1 160	161	668	494	1 107
3rd	2 267	948	1 117	202	651	529	1 086
4th	2 276	975	1 104	197	625	518	1 133
1975							
1st qtr	2 076	942	967	167	572	438	1 065
2nd	2 027	901	967	159	562	405	1 061
3rd	1 957	850	967	140	526	385	1 047
4th	1 868	830	940	99	498	362	1 008
1976							
1st qtr	1 840	813	936	92	508	367	965
2nd	1 854	828	972	54	496	362	996
3rd	1 975	849	1 005	121	498	442	1 035
4th	1 932	856	1 014	62	491	380	1 061
1977							
1st qtr	1 988	851	1 030	107	476	437	1 075
2nd	2 024	879	1 044	101	470	445	1 109
3rd	2 111	910	1 103	98	516	451	1 144
4th	2 174	932	1 149	93	535	436	1 203
1978							
1st qtr	2 150	923	1 162	65	503	435	1 212
2nd	2 185	963	1 173	50	532	419	1 234
3rd	2 212	981	1 161	69	536	443	1 233
4th	2 177	982	1 184	11	526	393	1 259

The figures given above cover a wide sector of the economy, accounting – after exclusion of dwellings – for some 52 per cent of all UK gross domestic fixed capital formation in 1977. The scope of manufacturing and the distributive and service industries is defined in the notes at the end of the article, and falls very largely in the private sector of the economy, although some public sector elements are included as appropriate (notably the British Steel Corporation, in manufacturing industry). Exploration and development work in the North Sea (order II) is excluded.

[1] After allowing for expenditure, brought forward into 1968 from 1969 to secure the higher rate of investment grants which ended on 31 December 1968: estimated at £93 million for manufacturing industry. £11 million for distributive and service industries, and £50 million for shipping. The estimate for shipping is particularly uncertain because of the erratic nature of this industry's capital expenditure, while that for the distributive and service industries is uncertain because of the smallness of the effect.

Recent trends

As a guide to recent trends the results for the second half of 1978 compared with the first half show that for all manufacturing industry investment rose by 4 per cent. The results for individual industries vary widely. The downward trend in investment by the iron and steel industry continues with a further substantial fall and there are signs that the peak of investment in the food, drink and tobacco industries may have been passed. The rising trend continues in the remaining industries except for the residual other manufacturing industries where there was little change between the two halves of 1978. The upward trend continues strongly in the coal and petroleum products, the chemicals, the engineering, instrument and electrical and the vehicles industries.

Distributive and service industries

Revised estimates (incorporating additional returns) indicate that investment by the distributive and service industries (excluding shipping) in the fourth quarter of 1978 was rather higher than provisionally estimated, so

Notes to tables

Capital expenditure comprises expenditure on vehicles (including ships) and plant and machinery less receipts from sales of these assets, and on new building work.

The analysis by industry group follows the standard industrial classification revised 1968 edition:

Manufacturing orders III to XIX

Distributive trades order XXIII

Wholesale MLH 810, 811, 812, 831, 832 (except leasing by finance houses and similar businesses)

Retail MLH 820, 821

Other industries order XX (construction): XXII (transport and communication) excluding 701 – railways, 706 – port and inland water transport, 707 – air transport and 708 – postal services and telecommunications: XXIV (insurance, banking, finance and business services) including leasing by finance houses and similar businesses and excluding Trustee Savings Banks; XXV (professional and scientific services) excluding 872 – educational services and 874 – medical and dental services; and XXVI (miscellaneous services).

SIC orders I (agriculture, forestry and fishing), II (mining and quarrying), XXI (gas, electricity and water), and XXVI (public administration and defence) are completely excluded.

The estimates with the exception of those for manufacturing industry in table 2, are shown to the nearest £m but should not be regarded as accurate to this degree and care should be taken in using the industry figures in tables 2 and 3, because of the margin of error involved in the quarterly seasonal adjustments. Also, there may be an apparent discrepancy between the total and the sum of the constituent parts due to rounding.

See also footnotes to table 1.

Table 2 Fixed capital expenditure of manufacturing industry at 1975 prices seasonally adjusted

£ million

	analysis by industry group										Analysis by type of asset			
		Food, drink and tobacco						Engineering, shipbuilding and metal goods						
Period	Total all manufacturing industries	Food [1]	Drink and tobacco [1]	Coal and petroleum products	Chemicals	Iron and steel	Non-ferrous metals	Instrument and electrical engineering [1]	Other	Vehicles	Textiles leather and clothing	Paper, printing and publishing	Other manufacturing industries	New building work	Vehicles	Plant and machinery
1970	4 196.4		503.8	176.5	785.6	318.1	200.0		807.5	434.2	314.3	262.8	393.6	1 000.2	222.0	2 974.2
1971	3 922.5		505.3	251.9	683.6	467.6	131.8		708.9	274.9	265.0	214.7	418.8	905.2	222.0	2 795.3
1972	3 397.8		519.4	214.9	492.2	439.7	77.3		640.8	179.2	217.0	194.3	423.0	738.0	239.4	2 420.4
1973	3 504.1	297.4	269.6	86.1	389.3	347.1	63.3	263.7	508.9	259.3	314.5	225.6	479.3	738.7	260.1	2 505.3
1974	3 822.0	318.8	254.4	92.6	440.1	416.0	78.3	299.4	553.7	315.9	336.7	249.0	467.1	727.1	273.6	2 821.3
1975	3 521.9	285.1	181.0	111.3	545.5	513.2	77.7	258.3	501.9	269.8	233.4	210.8	333.9	639.9	199.9	2 682.1
1976	3 345.3	268.9	168.3	90.1	556.0	585.2	51.2	254.0	468.1	247.9	170.9	177.9	306.8	513.9	239.7	2 591.7
1977	3 572.6	360.5	217.3	75.4	622.3	451.1	61.0	304.8	502.6	287.2	150.8	173.3	366.3	547.1	285.8	2 739.7
1978	3 848.4	375.2	234.0	123.6	743.8	301.8	65.1	384.7	538.6	399.7	142.4	199.1	340.4	616.8	265.3	2 966.3
1974																
1st qtr	951.1	84.3	68.3	21.0	100.6	89.1	18.2	71.5	144.7	79.2	86.6	58.3	129.3	191.6	68.4	691.1
2nd	948.3	76.5	71.3	20.8	103.1	97.4	21.2	73.8	134.0	79.9	87.2	63.7	119.4	182.1	69.2	697.0
3rd	947.5	80.5	61.9	23.6	108.4	95.9	19.4	76.6	138.4	81.1	85.3	62.9	113.5	174.8	69.8	702.9
4th	975.1	77.5	52.9	27.2	128.0	133.6	19.5	77.5	136.6	75.7	77.6	64.1	104.9	178.6	66.2	730.3
1975																
1st qtr	941.7	76.5	50.5	27.4	140.2	111.7	30.4	71.9	136.1	75.5	67.5	58.5	95.5	176.7	54.3	710.7
2nd	900.8	72.9	46.7	30.1	140.7	123.6	15.0	67.3	133.8	70.5	59.4	53.0	87.8	167.6	47.5	685.7
3rd	849.9	69.0	34.7	32.5	138.3	135.5	16.6	58.4	122.6	61.3	53.8	52.7	74.5	155.9	47.8	646.2
4th	829.5	66.7	49.1	21.3	126.3	142.4	15.7	60.7	109.4	62.5	52.7	46.6	76.1	139.7	50.3	639.5
1976																
1st qtr	813.0	63.6	38.3	27.8	125.7	154.6	14.0	63.3	109.3	52.5	47.6	46.3	70.0	135.0	53.6	624.4
2nd	827.8	64.3	35.9	22.5	137.0	155.7	12.0	60.0	116.3	62.7	43.4	45.9	72.1	126.3	60.7	640.8
3rd	848.7	69.9	47.2	19.8	144.9	147.6	12.0	63.5	114.5	63.9	41.0	43.5	80.9	126.9	62.3	659.5
4th	855.8	71.1	46.9	20.0	148.4	127.3	13.2	67.2	128.0	68.8	38.9	42.2	83.8	125.7	63.1	667.0
1977																
1st qtr	851.2	81.8	52.1	15.5	142.0	124.9	12.6	69.3	119.6	64.2	39.2	42.2	87.8	128.2	70.0	653.0
2nd	879.1	92.4	57.5	18.8	150.8	111.4	14.8	73.4	125.1	64.2	38.3	42.3	90.1	134.4	75.5	669.2
3rd	910.2	94.1	58.0	18.0	163.3	102.1	17.0	83.2	128.8	74.4	35.7	44.6	91.0	139.3	69.2	701.7
4th	932.1	92.2	49.7	23.1	166.2	112.7	16.6	78.9	129.1	84.4	37.6	44.2	97.4	145.2	71.1	715.8
1978																
1st qtr	922.6	89.1	71.2	22.7	171.8	86.3	15.2	88.2	129.1	79.4	35.3	49.0	85.3	142.0	68.7	711.9
2nd	962.7	103.6	57.8	30.6	176.9	86.7	16.8	90.4	127.9	105.2	32.8	48.8	85.2	146.5	68.9	747.3
3rd	981.2	88.0	50.9	38.5	198.4	65.6	18.0	106.1	144.2	97.9	36.2	49.9	87.5	161.4	67.7	752.1
4th	981.9	94.5	54.1	31.8	196.7	63.2	15.1	100.0	137.4	117.2	38.1	51.4	82.4	166.9	60.0	755.0

[1] These columns represent the division of the columns 'food, drink and tobacco, engineering, shipbuilding and metal goods', formerly shown. This split is not available for the years 1970 to 1972.

Table 3 Fixed capital expenditure in the distributive and service industries (excluding shipping) at 1975 prices seasonally adjusted

£ million

	Analysis by industry group			Analysis by type of asset		
Period	Total	Wholesale distribution	Retail distribution	Other industries [2]	New building work	Vehicles	Plant and machinery
1968	3 262 (3 251) [1]	345	539	2 377 (2 366) [1]	1 640	751	870 (859) [1]
1969	3 478 (3 489)	332	552	2 594 (2 605) [1]	1 710	794	974 (985) [1]
1970	3 669	365	547	2 757	1 752	803	1 114
1971	3 888	384	582	2 923	1 959	743	1 187
1972	4 055	405	685	2 966	1 841	893	1 322
1973	4 674	396	790	3 488	1 997	1 034	1 644
1974	4 605	438	778	3 390	1 922	1 064	1 620
1975	3 841	362	672	2 808	1 509	838	1 494
1976	3 926	337	666	2 923	1 469	1 002	1 455
1977	4 325	370	750	3 205	1 437	1 101	1 787
1978	4 681	379	785	3 516	1 474	1 240	1 967
1973							
1st qtr	1 167	103	192	872	527	250	390
2nd	1 157	98	197	862	504	245	409
3rd	1 158	95	206	858	504	268	386
4th	1 192	100	196	896	462	271	459
1974							
1st qtr	1 224	118	190	917	520	278	426
2nd	1 160	107	192	861	484	267	408
3rd	1 117	112	186	819	475	260	382
4th	1 104	101	211	793	443	258	403
1975							
1st qtr	967	98	158	711	394	221	353
2nd	967	92	167	708	392	201	374
3rd	967	87	171	709	367	201	399
4th	940	85	175	680	357	215	368
1976							
1st qtr	936	82	164	689	371	227	338
2nd	972	83	182	706	367	252	353
3rd	1 005	86	160	759	369	263	372
4th	1 014	86	160	769	361	261	392
1977							
1st qtr	1 030	81	184	765	347	263	420
2nd	1 044	92	183	769	332	274	439
3rd	1 103	97	197	809	374	287	442
4th	1 149	101	186	862	385	277	487
1978							
1st qtr	1 162	90	200	872	359	303	499
2nd	1 173	94	206	874	384	305	485
3rd	1 161	96	187	878	374	309	479
4th	1 184	99	193	893	357	323	504

[1] See footnote to table 1 [2] Including leasing, on the basis of the ownership of assets.

Table 4 Fixed capital expenditure at current prices of manufacturing, distributive and service industries

£ million

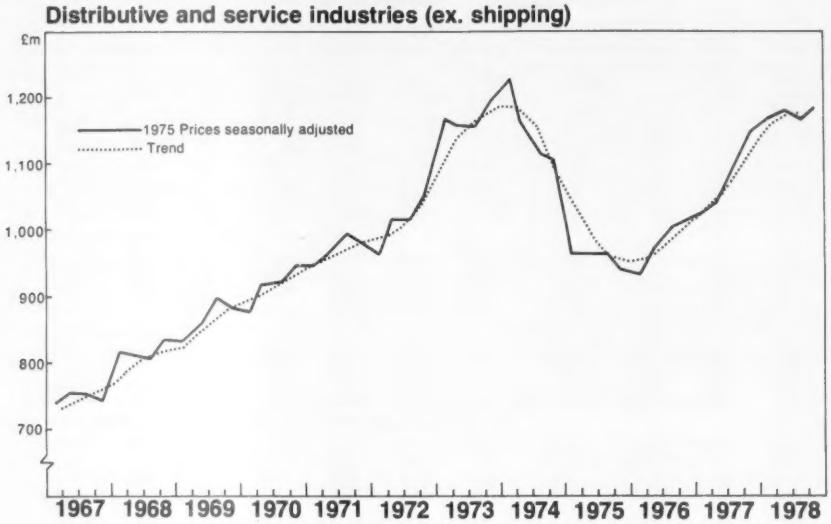
Period	Total	Manufacturing industry	Distributive and service industries (excluding shipping)	Shipping industry
1968	3 304	1 639	1 418	247
1969	3 629	1 822	1 589	217
1970	4 294	2 130	1 799	364
1971	4 648	2 187	2 078	384
1972	4 971	2 044	2 373	553
1973	6 071	2 347	3 090	635
1974	7 360	3 067	3 682	611
1975	7 929	3 522	3 841	565
1976	8 841	3 958	4 497	386
1977	11 033	4 862	5 611	560
1978	12 876	5 784	6 710	382
1973				
1st qtr	1 455	555	734	166
2nd	1 378	521	738	118
3rd	1 464	612	743	109
4th	1 775	659	875	242
1974				
1st qtr	1 673	693	890	90
2nd	1 684	688	871	125
3rd	1 848	776	899	173
4th	2 155	910	1 022	223
1975				
1st qtr	1 895	860	893	142
2nd	1 890	832	920	138
3rd	1 989	869	972	148
4th	2 155	961	1 056	138
1976				
1st qtr	2 034	918	1 020	96
2nd	1 999	893	1 053	53
3rd	2 274	997	1 130	146
4th	2 534	1 150	1 293	92
1977				
1st qtr	2 491	1 106	1 263	122
2nd	2 498	1 101	1 284	114
3rd	2 792	1 233	1 414	145
4th	3 251	1 421	1 651	180
1978				
1st qtr	3 018	1 322	1 584	112
2nd	3 016	1 346	1 584	86
3rd	3 251	1 456	1 639	156
4th	3 592	1 661	1 903	28

that the outcome for the year is now recorded as £4,681 million at 1975 prices, £10 million more than the provisional estimate, but still about 8 per cent above the result for 1977. In addition, the estimates for all four quarters of 1978 have been adjusted to ensure that the seasonally adjusted totals for the year are equal to the unadjusted totals. The result is that the revised estimate of investment in the fourth quarter is £1,184 million, at 1975 prices, seasonally adjusted, nearly 3 per cent greater than the provisional estimate of £1,153 million.

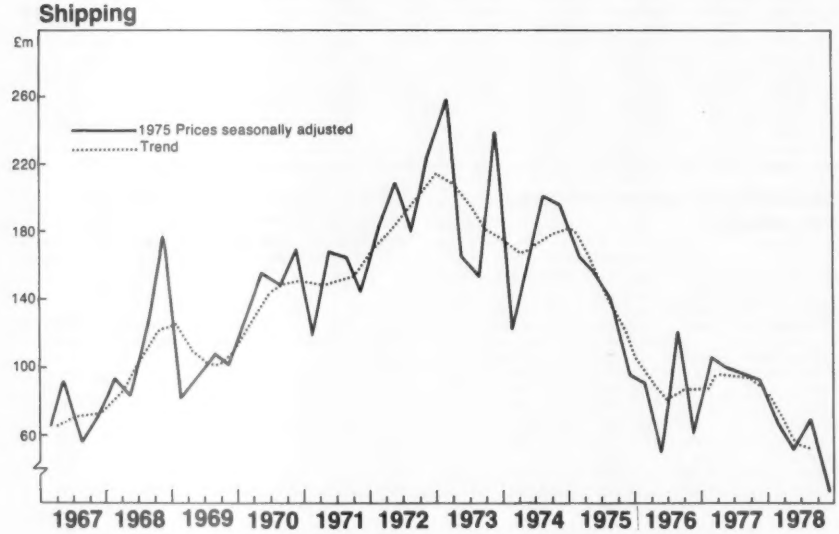
Capital expenditure on new building work in 1978 was about 2½ per cent greater than in the previous year, while investment in vehicles was some 13 per cent higher, and in plant and machinery, about 10 per cent more. In the classification into industry groups, wholesalers increased their investment by some 2½ per cent, and retailers, by about 5 per cent, whilst expenditure in the residual group of industries rose by 10 per cent. On the basis of ownership of the assets, expenditure on capital goods acquired for leasing out is classified to the residual group of industries, and the revised figures confirm a large increase in the investment by the leasing companies.

Fixed capital expenditure at 1975 prices seasonally adjusted

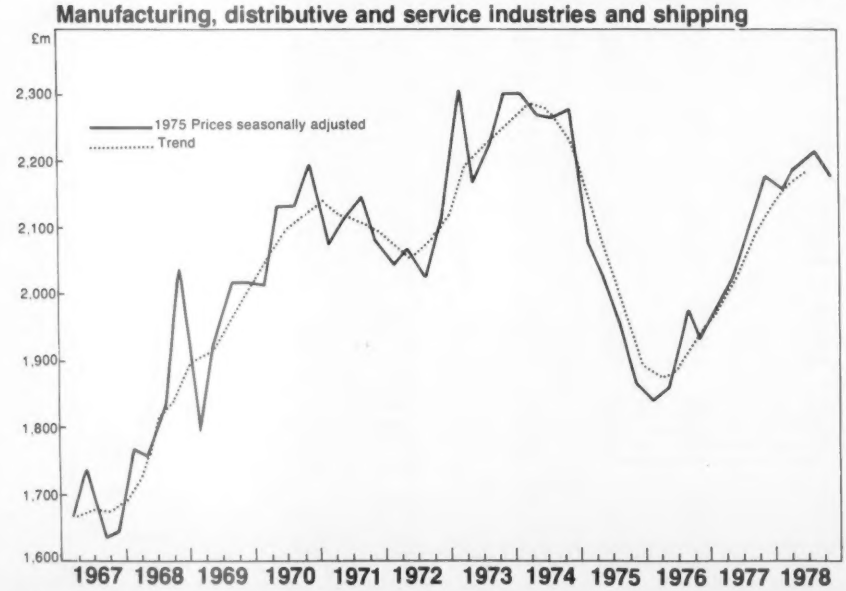
Distributive and service industries (ex. shipping)



Shipping



Manufacturing, distributive and service industries and shipping



Shipping

Revised figures confirm that investment by this industry in the fourth quarter was exceptionally low (partly as a result of the sales of a number of ships to overseas buyers): the estimate is now recorded as £11 million, at 1975 prices, seasonally adjusted, slightly higher than the provisional estimate of £9 million. The outcome for the year is less than half the result for 1977.

Notes

The estimation of changes in the volume of capital expenditure (as distinct from changes at current prices) is subject to greater uncertainty when the rate of price increases is varying and this should be borne in mind in using the figures.

Some revisions have been made to some of the estimates for the first three quarters of 1978 to ensure that the seasonally adjusted totals for the year are equal to the unadjusted totals.

It should be remembered that there has been an increase during recent years in the practice of obtaining capital goods through some form of leasing or rental arrangements rather than by purchase. Expenditure on capital goods acquired for leasing out is classified to the service industries on the basis of ownership of the assets. In so far as this leasing is to firms in manufacturing industry, there is an apparent switch of investment from manufacturing to the service industries in the figures. When this is taken into account, the figures in tables 1 and 2 for manufacturing investment are increased as follows.

Manufacturers' investment plus estimates of assets leased from the service industries

1975 prices, £ million

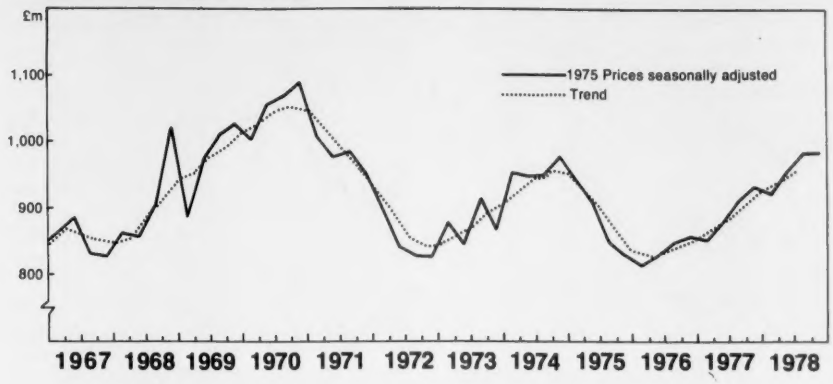
Year		Year	
1975	3 710	1977	3 850
1976	3 540	1978[1]	4 215

[1] Estimated.

Data are not available prior to 1975. An article on investment in assets for leasing was published in *Trade and Industry* on 29 September 1978. See also item on page 697.

Inquiries: Manufacturing Industry 01-215 3175/3176. Distribution and Service Industries 01-215 3345.

Manufacturing Industries



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Effect of leasing on manufacturers' investment

Figures for manufacturing industries' investment on the sector-of-use basis, including provisional estimates for the element of leasing from the service industries, have been made available.

They were given by minister for industry Alan Williams in answer to a parliamentary question on 20 March. He was asked whether there was any evidence that the practice of leasing was distorting the statistics for capital expenditure by the manufacturing sector and whether he would publish estimates of capital expenditure broken down by end-user rather than purchaser for as long a period as was practicable.

Mr Williams said that the basis for the classification of capital expenditure by the manufacturing, distributive and service industries was by ownership of the assets and not by final use. Expenditure on capital goods acquired by leasing firms was therefore not classified to manufacturing industries but to insurance, banking, finance and business services (included within the broader category of distributive and service trades) because much of the leasing was carried out by business units properly classified to finance (see *National Income and Expenditure, 1967-77*, page 137).

Since 1975 information had been obtained by a statistical inquiry on assets acquired by leasing firms for use by manufacturers on finance (that is full payout) leases. Results for the years 1975 to 1977 were published in *Trade and Industry*, 29 September 1978. Steps were being taken to improve the coverage of these statistics but this could only be done to the extent that the increase in the burden of form-filling on the firms involved proved acceptable.

The estimated outturn for 1978, when leasing was taken into account, was probably much the same as in 1970, the all-time peak year for manufacturing investment. The available evidence suggests that the leasing of assets for use by manufacturing industry was only a very small activity in 1970.

Manufacturing industries' investment in fixed assets 1975 prices, £ million

	Capital expenditure by manufacturers	Capital expenditure by manufacturers plus assets acquired on financial leases from the service industries
1975	3 522	3 710
1976	3 345	3 540
1977	3 573	3 850
1978 p	3 833	4 200

p Provisional. Revised figures have since been published (see page 696).

Further estimates will become available when *National Income and Expenditure 1968-78* is published in September this year.

Manufacturers' and distributors' stocks in the fourth quarter 1978: revised estimates

Revised figures indicate that the level of stocks held by manufacturers, wholesalers and retailers rose by about £120 million, at 1975 prices, seasonally adjusted, in the fourth quarter of 1978: slightly more than provisionally estimated. During 1978 as a whole stocks rose by about £915 million.

Manufacturing industry
It is now estimated that manufacturers' stocks rose by about £110 million, at 1975 prices, seasonally adjusted, in the fourth quarter of 1978. This rise is about £50 million more than provisionally estimated largely due to an upward revision to the level of finished goods stocks which was only partially offset by downward revisions to the levels of stocks of materials and fuel and of work in progress. Stocks of materials and fuel rose by about £10 million. Work in progress rose by about £200 million, the fifth successive increase. Stocks of finished goods fell by about £95 million following nearly three years of increases in all but two quarters.

During 1978 as a whole, manufacturers' stocks increased by about £600 million. Stocks of materials and fuel were virtually unchanged. Work in progress rose by about £445 million and finished goods stocks by about £160 million.

The main increases in stocks in the fourth quarter occurred in the food, drink and tobacco and the chemicals industries. During the year as a whole there were large increases in stocks of the food, drink and tobacco and engineering sector industries of about 10 per cent and 4 per cent respectively of the levels at the beginning of the year. The rest of the industries showed comparatively small changes in stock levels over the year.

The stocks/output ratio rose during the quarter from 99.8 at end-September to 102.7 at end-December due to the rise in stocks and the

fall in manufacturing output. The ratio for each asset also rose.

Distributive industries

Revised figures for the fourth quarter indicate a decline of about £80 million, at 1975 prices, seasonally adjusted, in wholesalers' stocks. The provisional estimate was a fall of £50 million. The revised outcome for the year is a small decline of about £15 million. General wholesale distributors and dealers in coal, builders' materials, etc, reduced their stocks very slightly in 1978, while the stocks held by dealers in industrial materials and machinery were held at the end 1977 level. Retailers' stocks increased by about £90 million, at 1975 prices, seasonally adjusted, in the fourth quarter; the outcome for the year was a fairly substantial rise of about £330 million.

Note

The estimation of physical change in stocks is subject to greater uncertainty when the rate of price increase is varying and this should be borne in mind when using the figures.

Inquiries: Manufacturing industry 01-215 3175/5215. Distributive industries 01-215 3345.

Graph 1 – Value of physical increase in industry's stocks at 1975 prices seasonally adjusted

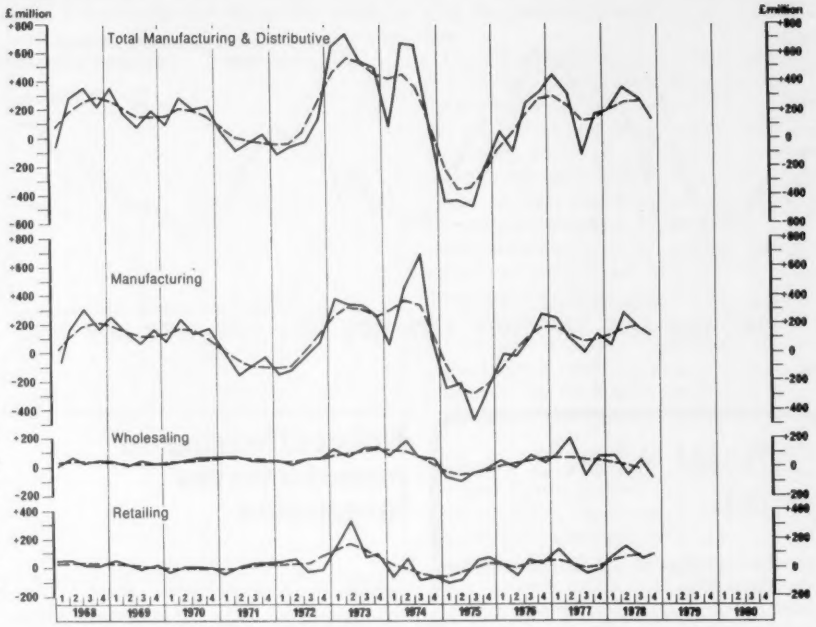


Table 1 **Value of physical increase in industry's stocks at 1975 prices seasonally adjusted**

£ million

	Total	Manufacturing	Wholesaling	Retailing
Level of stocks at end 1977	27 716	19 995	4 540	3 181
1967	229	119	31	79
1968	814	530	160	124
1969	789	600	131	58
1970	805	616	202	−13
1971	−47	−277	218	12
1972	−77	−279	173	29
1973	2 392	1 336	432	624
1974	1 469	1 288	361	−180
1975	−1 570	−1 221	−249	−100
1976	460	316	131	13
1977	737	422	266	29
1978	913	595	−15	333
1973				
1st qtr	638	384	115	139
2nd	729	341	74	314
3rd	531	337	119	75
4th	493	274	123	96
1974				
1st qtr	78	54	87	−63
2nd	662	453	156	53
3rd	654	686	62	−94
4th	74	94	56	−76
1975				
1st qtr	−447	−258	−84	−105
2nd	−432	−230	−107	−95
3rd	−481	−476	−45	40
4th	−210	−257	−13	60
1976				
1st qtr	37	−13	43	7
2nd	−106	−29	−10	−67
3rd	226	99	81	46
4th	304	260	17	27
1977				
1st qtr	434	235	82	117
2nd	280	97	179	4
3rd	−145	−6	−80	−59
4th	168	116	85	−33
1978				
1st qtr	181	36	81	62
2nd	338	272	−62	128
3rd	274	175	45	54
4th	121	111	−79	89

Table 2 **Value of the physical increase of stocks held by manufacturing industry at 1975 prices seasonally adjusted**

£ million

	Analysis by industry group							Analysis by type of asset		
	All manufacturing industries	Food, drink and tobacco	Chemicals, coal and petroleum products	Metal manufacture	Engineering, shipbuilding, vehicles and metal goods	Textiles, leather and clothing	Other manufacturing industries	Materials and fuel	Work in progress	Finished goods
Level of stocks at end 1977	19 995	2 334	2 462	1 805	9 724	1 433	2 237	7 277	7 321	5 397
1967	119	57	15	−82	219	−68	−22	−29	245	−96
1968	530	16	174	83	112	59	97	220	199	112
1969	600	55	181	−31	124	134	138	194	43	364
1970	616	17	103	98	400	—	−2	234	215	166
1971	−277	17	39	14	−311	−29	−8	−291	−170	184
1972	−279	34	3	−89	−162	−95	30	−88	58	−248
1973	1 336	152	251	60	595	75	203	829	544	−38
1974	1 288	261	403	7	459	19	138	658	53	577
1975	−1 221	−360	−285	21	−207	−96	−295	−926	−272	−23
1976	316	16	97	236	−80	−3	51	−65	222	159
1977	442	160	−84	−37	275	30	98	−18	196	264
1978	595	227	63	−74	398	−35	16	−12	447	160
1973										
1st qtr	384	6	60	53	162	11	91	218	190	−25
2nd	341	28	67	6	163	17	41	247	99	−6
3rd	337	68	95	12	94	26	42	192	161	−15
4th	274	50	9	−11	176	21	30	172	94	8
1974										
1st qtr	54	92	273	−152	−74	−29	−57	336	−138	−145
2nd	453	135	35	29	135	34	87	63	148	243
3rd	686	94	154	92	231	28	89	274	108	304
4th	94	−60	−58	39	168	−14	20	−15	−65	175
1975										
1st qtr	−258	−95	−107	93	−13	−30	−107	−292	−77	110
2nd	−230	−120	−49	16	24	−32	−69	−156	−45	−28
3rd	−476	−105	−89	−70	−95	−36	−81	−338	−90	−48
4th	−257	−39	−41	−17	−123	2	−38	−140	−60	−57
1976										
1st	−13	−14	12	−7	−7	22	−20	−89	42	34
2nd	−29	−12	26	48	−83	−14	7	−47	38	−20
3rd	99	−20	19	96	−24	−7	35	48	38	14
4th	260	61	41	99	33	−4	30	23	105	131
1977										
1st qtr	235	17	9	35	120	13	41	91	123	21
2nd	97	42	−47	−3	22	34	50	−38	−69	204
3rd	−6	76	−56	−25	9	−9	—	−23	−33	50
4th	116	25	11	−43	124	−8	7	−48	175	−11
1978										
1st qtr	38	54	37	−87	−7	5	38	−26	17	48
2nd	275	107	−22	−8	209	−13	−3	−15	128	158
3rd	175	31	−37	19	180	−16	−2	20	102	52
4th	111	35	84	4	16	−10	−18	9	199	−97

Table 3 **Value of the physical increase of stocks held by wholesalers at 1975 prices seasonally adjusted**

£ million

	Total wholesalers	General wholesale distributors	Dealers in coal, builders materials etc	Dealers in industrial materials and machinery
Level of stocks at end 1977	4 540	2 890	349	1 302
1967	31	17	1	14
1968	160	107	9	44
1969	131	81	3	47
1970	202	48	5	149
1971	218	181	−3	40
1972	173	147	29	−3
1973	432	433	4	−6
1974	361	213	15	133
1975	−249	−255	−26	32
1976	131	117	12	2
1977	266	158	−3	111
1978	−15	−12	−6	2
1973				
1st qtr	115	108	−16	23
2nd	74	80	15	−21
3rd	119	124	5	−9
4th	123	122	1	1
1974				
1st qtr	87	91	−6	3
2nd	156	101	13	43
3rd	62	9	—	53
4th	56	13	9	34
1975				
1st qtr	−84	−104	1	19
2nd	−107	−108	−12	13
3rd	−45	−24	−10	−11
4th	−13	−19	−5	11
1976				
1st qtr	43	43	19	−18
2nd	−10	45	−13	−41
3rd	81	26	9	47
4th	17	4	−3	15
1977				
1st qtr	82	55	8	20
2nd	179	45	14	121
3rd	−80	4	−44	−41
4th	85	54	20	11
1978				
1st qtr	81	63	−37	55
2nd	−62	−48	19	−33
3rd	45	18	−6	33
4th	−79	−45	19	−52

Table 4 **Increase in the book value of manufacturers' and distributors' stocks**

£ million

	Total	Manufacturing	Wholesaling	Retailing
Level of stocks at end 1977	39 613	28 771	6 425	4 417
1967	280	180	47	51
1968	874	581	138	152
1969	985	766	134	113
1970	1 302	1 038	207	102
1971	764	471	264	133
1972	949	618	298	114
1973	3 699	2 425	793	481
1974	6 335	4 978	938	419
1975	3 054	2 259	348	447
1976	6 200	4 591	1 143	466
1977	5 094	3 578	898	618
1978	4 503	3 199	503	801
1973				
1st qtr	681	459	121	101
2nd	749	515	138	96
3rd	1 031	627	289	115
4th	1 237	824	244	169
1974				
1st qtr	1 771	1 469	243	59
2nd	1 834	1 388	264	182
3rd	1 532	1 221	239	72
4th	1 197	899	192	106
1975				
1st qtr	973	894	18	61
2nd	612	559	15	38
3rd	530	218	158	154
4th	940	588	158	194
1976				
1st qtr	1 124	877	192	55
2nd	1 219	1 014	214	−9
3rd	1 666	1 091	407	168
4th	2 191	1 610	329	252
1977				
1st qtr	2 104	1 527	281	296
2nd	1 334	936	273	125
3rd	696	408	222	66
4th	959	707	121	131
1978				
1st qtr	683	487	91	105
2nd	1 358	1 077	60	222
3rd	1 071	594	289	188
4th	1 391	1 042	63	286

Table 5 **Relationship of manufacturers' stocks to manufacturing production**

Index numbers – fourth quarter 1974 = 100 — Seasonally adjusted

Period (quarters)	Total stock levels (at 1975 prices)	Production (with 1975 net output weights)	Ratio of stocks to production: Total	Materials and fuel	Work in progress	Finished goods
1973						
1st qtr	89.0	102.1	87.1	82.9	92.3	86.8
2nd	90.7	103.4	87.7	84.8	92.5	85.6
3rd	92.4	104.3	88.6	86.3	93.9	84.6
4th	93.7	104.3	89.8	88.2	95.1	84.7
1974						
1st qtr	94.0	99.9	94.1	96.2	97.4	85.6
2nd	96.2	104.3	92.2	92.9	95.3	86.7
3rd	99.5	103.2	96.4	97.0	97.7	93.5
4th	100.0	100.0	100.0	100.0	100.0	100.0
1975						
1st qtr	98.7	99.3	99.4	97.1	99.6	102.9
2nd	97.6	94.8	102.9	99.7	103.8	107.2
3rd	95.3	93.7	101.6	96.5	103.5	107.3
4th	94.0	94.4	99.6	94.0	101.9	105.4
1976						
1st qtr	94.0	94.7	99.2	92.6	102.2	105.8
2nd	93.8	97.2	96.5	89.7	100.1	102.7
3rd	94.3	97.2	97.0	90.3	100.6	102.9
4th	95.6	98.5	97.0	89.3	100.7	104.2
1977						
1st qtr	96.7	99.3	97.4	89.7	101.7	103.8
2nd	97.2	97.8	99.3	90.6	102.2	109.5
3rd	97.2	98.4	98.7	89.8	101.1	109.9
4th	97.7	97.3	100.4	90.3	104.8	111.0
1978						
1st qtr	97.9	97.7	100.2	89.6	104.7	111.5
2nd	99.3	99.9	99.3	87.4	104.2	112.2
3rd	100.1	100.2	99.8	87.3	105.2	112.8
4th	100.7	97.9	102.7	89.5	110.5	113.5

Note

The estimation of physical change in stocks is subject to greater uncertainty when the rate of price increase is varying and this should be borne in mind when using the figures.

Inquiries: Manufacturing industry 01-215 3175/5215. Distributive industries 01-215 3345.

Notes to tables 1 to 4

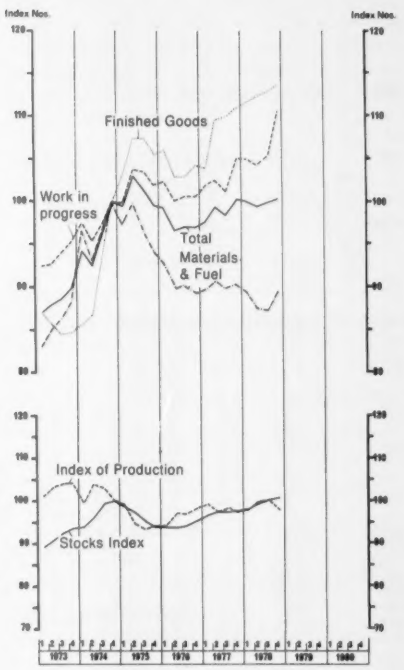
1 The analysis by industry group follows the standard industrial classification (1968 edition):
Manufacturing orders III to XIX.
Distributive trades order XXII:
Wholesale MLH 810, 811, 812, 831, 832 (except leasing by finance houses)
Retail MLH 820, 821.

2 Book values exclude VAT. Purchase tax payable on retailer's stock prior to the second quarter of 1973.

3 The estimates are shown to the nearest £ million but should not be regarded as accurate to this degree and care should be taken in using the industry figures in tables 2 and 3 because of the margin of error involved in quarterly seasonal adjustments. Difference between totals and the sum of constituent parts are due to rounding.

r Revised. p Provisional.

Graph 2 – **The relationship of manufacturers' stocks to manufacturing production**



Manufacturers' stocks in January

It is estimated that manufacturers' stocks were virtually unchanged at 1975 prices, seasonally adjusted, in January 1979. Stocks of materials and fuel fell substantially while stocks of finished goods rose substantially. Work in progress rose slightly.

Monthly figures from January 1978, adjusted to take into account revisions and to agree with the quarterly figures published in the preceding article are shown on the next page.

Manufacturers' stocks

Stock changes

£ million, 1975 prices, seasonally adjusted

1978		August	+10
January	−10	September	+40
February	+120	October	+60
March	−70	November	+60
April	+190	December	−10
May	+160		
June	−80	**1979**	
July	+120	January	+10

Inquiries: 01-215 5215/3176.

Gdp in the fourth quarter and year 1978

Provisional estimates indicate that gross domestic product (output measure) in the fourth quarter of 1978 was at much the same level as in the third, following strong growth earlier in the year.

In the second half of 1978, gdp (average estimate) rose by about 1½ per cent compared with the first half; and the growth between the years 1977 and 1978 is estimated at about 3 per cent. Between the two years total final expenditure rose by 3½ per cent but some of this additional demand was met from imports, which rose by over 4½ per cent. The main increase in demand came from consumers' expenditure which rose by 5½ per cent between the two years.

Index of industrial production for January

Implied level of output

Seasonally adjusted Average 1975 = 100

	Output of all industries	Output of all industries other than extraction of petroleum and natural gas	Output of all industries other than construction	Output of all manufacturing industries
Weights (1975)	1000	999.7	810	697
1973	110.1	109.9	108.3	109.2
1974	105.7	105.7	105.7	107.4
1975	100.0	100.0	100.0	100.0
1976	102.5	101.2	103.4	102.2
1977	106.5	102.5	108.3	103.8
1978	110.2	104.4	111.3	104.3
1975 1st qtr	102.9	103.1	103.3	104.3
2nd	99.4	99.5	99.2	99.1
3rd	98.1	98.2	97.8	97.7
4th	99.6	99.2	99.6	98.9
1976 1st qtr	100.9	100.3	101.0	100.2
2nd	101.9	100.8	102.8	101.8
3rd	101.9	100.6	103.1	102.1
4th	105.4	103.1	106.6	104.4
1977 1st qtr	106.5	103.2	108.6	105.2
2nd	106.2	102.2	108.3	103.5
3rd	106.6	102.5	108.4	103.6
4th	106.6	102.2	107.8	102.9
1978 1st qtr	107.3	102.4	108.6	102.6
2nd	111.6	105.9	112.5	105.7
3rd	111.9	106.1	112.9	105.7
4th	110.0	103.3	111.1	103.0

Index of industrial production: summary

Average 1975 = 100

	Total all industries	All industries other than construction	Mining and quarrying	Total manufacturing industries	Food, drink and tobacco	Manufacturing industries: Chemicals, coal and petroleum products	Metal manufacture	Engineering and allied industries	Textiles, leather and clothing	Other manufacturing	Construction	Gas, electricity and water
Order	II-XXI		II	III-XIX	III	IV-V	VI	VII-XII	XIII-XV	XVI-XIX	XX	XXI
Weights	1 000	810	41	697	77	66	47	298	67	142	182	80
1973	109.5	107.6	110.2	108.3	103.2	107.7	125.1	103.5	111.3	114.7	118.2	99.3
1974	105.1	105.0	90.0	106.5	102.5	110.6	114.6	104.6	103.6	109.5	105.8	99.2
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	102.0	102.7	125.7	101.4	102.7	111.3	106.9	97.0	100.9	103.9	98.6	102.9
1977	105.8	107.4	187.6	102.8	103.9	114.4	102.0	98.9	101.6	105.7	98.2	107.0
1978	109.7	110.7	233.0	103.5	105.8	115.4	100.7	99.1	101.1	108.2	105.3	109.9
1978 1st qtr	107.0	108.2	209.5	102.2	106.1	111.8	96.6	99.9	98.0	104.3	101.9	107.7
2nd	110.7	111.5	229.5	104.5	106.9	115.2	107.4	99.8	101.3	108.7	107.3	112.0
3rd	111.4	112.2	236.8	104.9	104.2	117.3	101.2	100.8	103.9	110.0	107.2	112.7
4th	109.6	110.6	256.3	102.5	105.9	117.3	97.5	95.8	101.2	109.9	105.0	107.2
1978 Jan	106.9	108.1	207	102.2	108	112	92	100	98	105		107
Feb	107.3	108.6	216	101.9	105	111	97	100	98	105		110
Mar	106.8	108.0	206	102.4	105	113	101	100	98	103		105
Apr	111.0	111.9	221	105.1	105	115	106	100	105	110		115
May	110.0	110.6	232	103.5	106	114	106	99	99	107		111
Jun	111.1	112.0	235	105.0	109	117	110	100	100	109		110
Jul	111.5	112.5	236	104.9	103	118	112	101	104	107		115
Aug	112.0	113.0	238	105.7	105	118	92	102	105	113		113
Sep	110.6	111.3	236	104.1	104	116	100	99	102	111		110
Oct	108.5	109.3	243	101.7	106	117	97	96	100	108		106
Nov	109.4	110.4	261	102.3	107	118	93	95	103	111		103
Dec	111.0	112.3	265	103.4	105	117	102	97	101	111		112
1979 Jan	104.4	106.3	280	94.9	104	97	79	94	95	96		117
Percentage change latest three months on:												
1. previous three months	−1.9	−1.4	12.5	−3.5	0.3	−5.4	−5.1	−3.8	−2.6	−4.1		0.6
2. a year earlier	1.9	2.1	34.9	−1.9	−0.8	−1.6	−1.6	−3.7	0.4	0.0		4.0

Industrial production in January 1979, other than in the energy sector, was depressed by bad weather and transport disputes.

The provisional estimates for the month, which may be less reliable than usual (see notes below), show that the all industries' index was some 5 per cent below its level in the fourth quarter of 1978 (which had been affected by disputes in the motor vehicles industries). The index for manufacturing industries fell by 7½ per cent on the same comparison, with especially large fails in the chemicals and metal manufacture industry groups.

The use for some industries of series which measure deliveries rather than production can result in the index numbers shown in the tables below overstating or understating the level of output. The table 'implied level of output' gives the aggregate measures adjusted for this effect; these series are only available quarterly.

Many of the series used in compiling the index of production, in particular for manufacturing industry, measure deliveries rather than production. Deliveries account for about 70 per cent of the index of production of manufacturing industry and may differ from production in a given month because of movements in stocks of finished goods and work in progress. Deliveries in January were more affected by the lorry drivers' dispute than production, suggesting that the index is likely to have understated the true level of output. Figures for industrial output adjusted for movements in stocks are available only quarterly and in arrears of the latest index data.

The provisional estimates for January are less reliable than usual because of the difficulties, at this stage, in allowing for the effects of disruption of industrial production. For some parts of the index, January figures have been estimated from past data together with a detailed examination of the series for which January figures were available. For engineering there were particular difficult estimation problems. Actual figures for estimated series will be incorporated in a revised index when available.

The index includes a number of sectors of industry for which only quarterly data are available, representing 18 per cent of manufacturing activity and 69 per cent of other activity. For these sectors, the recorded index numbers may overstate production in the early part of the first quarter of 1979 but understate production in the remainder of the quarter.

The index numbers in the tables are all seasonally adjusted, to remove annually recurring month to month variations due, for example, to the incidence of holidays and other regular seasonal patterns of behaviour. The adjustments can only be derived from analysis of past data and may not be completely appropriate when holiday patterns change sharply.

Inquiries: 01-233 7238.

Index of industrial production: detailed analysis

Average 1975 = 100

	Mining and quarrying		Food, drink and tobacco		Chemicals, coal and petroleum products		Metal manufacture		Engineering and allied industries				
									Engineering				
	Coal mining	Other mining and quarrying	Food	Drink and tobacco	Coal and petroleum products	Chemicals and allied industries	Ferrous	Non-ferrous	Total engineering	Mechanical engineering	Instrument engineering	Electrical engineering	Shipbuilding and marine engineering
MLH	101	102-109	211-229	231-240	261-263	271-279	311-313	321-323	331-369	331-349	351-354	361-369	370
Weights	34	7	54	23	9	57	35	12	170	92	12	66	14
1973	103.3	142.5	106.0	96.3	120.6	105.8	127.8	116.9	98.4	97.2	92.4	101.3	95.4
1974	85.5	110.8	104.0	99.1	115.9	109.8	114.8	113.8	102.3	101.3	98.7	104.5	98.9
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	92.8	277.9	103.2	101.6	105.7	112.2	106.9	106.9	96.5	95.1	96.6	98.5	96.5
1977	90.1	637.8	105.1	101.2	102.7	116.2	99.8	108.7	97.3	93.2	98.7	102.7	93.3
1978	89.2	897.7	105.8	105.8	101.4	117.5	98.4	107.2	99.5	92.3	104.8	108.5	88.1
1978													
1st qtr	89.9	762.2	105.5	107.6	98.2	113.8	93.7	104.9	98.3	91.8	101.3	106.9	90.0
2nd	88.6	880.6	105.9	109.5	98.6	117.7	106.8	109.0	99.3	92.2	104.7	108.2	90.8
3rd	89.7	916.4	106.0	99.9	105.3	119.1	98.3	109.6	101.0	94.4	106.0	109.3	89.7
4th	88.6	1 031.6	105.7	106.4	103.7	119.3	94.9	105.4	99.3	90.9	107.3	109.5	81.9
1978													
Jan	89	752	109	107	97	114	88	103	98	92	100	106	89
Feb	90	795	103	109	95	113	94	104	98	92	101	107	91
Mar	91	740	105	107	102	114	99	108	99	92	102	108	90
Apr	90	828	103	111	98	118	103	114	99	92	104	108	88
May	87	902	106	106	99	116	106	105	99	92	105	108	90
Jun	89	912	108	112	99	119	111	108	100	93	105	109	94
Jul	90	913	106	98	107	120	112	112	101	94	105	109	91
Aug	89	925	107	100	106	120	85	112	101	95	106	109	92
Sep	90	911	105	102	103	118	99	105	101	94	107	109	86
Oct	88	961	104	108	105	119	95	102	100	92	106	109	85
Nov	90	1 055	106	109	101	121	90	102	99	91	107	110	87
Dec	88	1 079	106	102	104	119	99	112	99	90	109	110	74
1979													
Jan	85	1 184	104	103	99	97	74	93	96	na	na	na	89
Percentage change latest three months on:													
1. previous three months	−1.5	18.6	−0.1	1.4	−2.9	−5.7	−5.5	−3.9	−2.4				−4.8
2. a year earlier	−0.9	55.6	−0.8	−0.8	1.7	−2.1	−1.3	−2.3	0.8				−6.0

	Engineering and allied industries (continued)				Textiles, leather and clothing			Other manufacturing						
	Total vehicles	Motor vehicles	Other vehicles	Metal goods not elsewhere specified	Textiles	Leather, leather goods and fur	Clothing and footwear	Total bricks, pottery, glass, etc	Bricks, cement, etc	Pottery and glass	Timber, furniture, etc	Paper, printing and publishing	Other manufacturing industries
MLH	380-385	381	380, 382-385	390-399	411-429	431-433	441-450	461-469	461, 464-469	462,463	471-479	481-489	491-499
Weights	68	43	25	46	40	3	24	28	17	11	25	58	31
1973	113.3	118.8	103.5	110.1	117.1	107.1	102.1	113.7	120.7	103.5	118.9	115.7	110.2
1974	108.9	110.8	105.6	108.7	105.9	98.7	100.2	107.2	109.1	104.4	101.9	115.5	106.8
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	97.0	100.2	91.3	98.8	103.0	102.3	97.1	101.0	99.1	103.8	103.9	102.5	109.0
1977	100.9	107.2	89.6	104.0	100.9	97.1	103.2	99.7	93.7	108.5	97.6	106.9	115.4
1978	98.5	103.7	89.3	101.8	99.3	96.3	104.8	100.8	93.1	112.1	102.8	110.1	115.9
1978													
1st qtr	104.3	112.8	89.0	102.1	96.9	90.7	100.7	96.6	89.8	106.4	97.5	105.5	114.4
2nd	101.6	108.1	90.1	101.6	100.0	98.9	103.6	102.4	94.5	114.0	103.2	109.2	118.2
3rd	100.1	106.8	88.1	104.4	101.5	98.7	108.6	102.9	93.1	117.1	104.9	111.5	117.9
4th	88.2	87.2	90.0	98.9	98.5	96.8	106.3	101.5	95.1	110.8	105.5	114.0	113.2
1978													
Jan	106	115	89	102	97	91	100	97	90	108	97	105	118
Feb	103	111	89	102	98	91	100	97	89	108	97	106	116
Mar	104	113	89	102	96	91	102	95	90	103	99	106	109
Apr	104	111	90	105	104	99	106	106	96	120	106	110	119
May	103	110	90	98	98	99	102	100	93	110	101	108	116
Jun	99	104	90	103	98	99	103	102	94	113	103	110	119
Jul	100	106	88	104	100	99	112	101	92	114	103	108	113
Aug	104	114	88	107	104	99	108	104	93	119	106	114	124
Sep	96	101	88	102	101	99	106	104	95	119	106	113	117
Oct	86	84	90	98	98	97	103	101	94	110	103	112	112
Nov	81	76	90	101	99	97	110	101	95	110	105	117	112
Dec	97	101	90	98	98	97	106	102	96	112	108	114	115
1979													
Jan	93	95	89	90	92	97	100	85	91	83	94	98	101
Percentage change latest three months on:													
1. previous three months	−5.5	−8.8	1.1	−6.1	−4.4	−1.2	0.2	−5.5	−0.2	−11.9	−2.4	−2.7	−6.8
2. a year earlier	−11.8	−17.3	0.2	−6.8	−1.2	3.4	2.6	−2.1	0.1	−4.8	4.3	3.0	−6.5

Unemployment and vacancies: March

The total number of unemployed persons in Great Britain on 8 March was 1 339 806 representing 5.7 per cent of the total number of employees. This total includes 28 878 school leavers under 18 not yet employed.

The seasonally adjusted series shows that the number of unemployed in Great Britain excluding the school leavers was 1 289 900 (5.5 per cent of all employees), a decrease of 12 000 since 8 February. In the last three months there has been an increase on average of 9100 a month.

Of the total unemployed in Great Britain, 176 000 had been unemployed for four weeks or less. It is estimated that about 1 038 000 were unemployed for more than four weeks, and were aged under 60.

The average number joining the unemployment register in the three months ending February was 354 000 per month compared with 393 000 in the three months ending November and 390 000 in the three months ending August 1978. The average numbers leaving the register in these three periods were 347 000, 401 000 and 391 000 per month respectively.

Unemployment (on 8 March 1979)

	Great Britain		United Kingdom	
	Number	Change since Feb	Number	Change since Feb
Unemployed, excluding school leavers	1 310 928	−39 985	1 371 103	−41 371
School leavers	28 878	−7 841	31 151	−8 252
Total unemployed	1 339 806	−47 826	1 402 254	−49 623
(Percentage of all employees)	(5.7)	(−0.2)	(5.9)	(−0.2)
Seasonally adjusted				
Unemployed, excluding school leavers	1 289 900	−12 000	1 350 400	−12 100
(Percentage of all employees)	(5.5)	(−0.1)	(5.7)	(−0.1)

Inflow and outflow

The average inflow of vacancies in the three months ending February was 210 000 per month compared with 237 000 in the three months ending November and 232 000 in the three months ending August 1978. The average outflows in the three periods were 206 000, 233 000 and 231 000 per month respectively.

The unemployment figures exclude adult students aged 18 and over, who are registered for temporary employment during a vacation and who intend to return to full-time education when the new term begins. On 8 March these number nine in Great Britain and 17 in the United Kingdom.

Temporarily stopped

The unemployment figures do not include temporarily stopped workers – that is, those who had a job on the day of the count but were temporarily suspended from work on that day and were registered in order to claim benefits. These numbered 19 918 in Great Britain and 20 422 in the United Kingdom – representing

a decrease on 8 February of 19 936 in Great Britain and a decrease of 21 271 in the United Kingdom.

In the week ending 13 January, 71 000 operatives in manufacturing industries in Great Britain were on short-time working. Of these, 10 000 were stood off for the whole week and 62 000 for part of the week. The figure compares with a total of 38 000 on short-time in the week ending 9 December 1978. The short-time working figures include temporarily stopped workers.

Notified vacancies

The number of vacancies notified to employment offices in Great Britain remaining unfilled on 2 March was 224 983, an increase of 10 160 since last month. The number of vacancies notified to careers offices was 27 473, an increase of 4287 since last month.

The seasonally adjusted series shows that the number of vacancies notified to employment offices in Great Britain was 234 700, an increase of 4900 since February.

Notified vacancies[1] (unfilled on 2 March 1979)

Notified to employment offices	224 983	+10 160	226 220	+10 237
Notified to careers offices	27 473	+4 287	27 734	+4 296
Seasonally adjusted				
Notified to employment offices	234 700	+4 900	235 900	+5 000

[1] Vacancy figures are not a measure of total vacancies, but only of those notified to employment offices and careers offices.

Motor vehicle production in February

Cars

Seasonally adjusted production of 104 000 was 2 per cent above the average for 1978.

Recorded production in the first two months was 12 per cent below that in the corresponding period of last year. Production for export fell by 17 per cent while production for the home market fell by 9 per cent.

Commercial vehicles

Seasonally adjusted production of 37 700 units was 18 per cent above the 1978 average.

In the two months to February 1979, recorded commercial vehicle production was 13 per cent higher than in the same period of last year. Production for export fell by 9 per cent while that for the home market rose by 33 per cent.

Inquiries: 01-212 0788.

New Jaguar XJ125.3 series III announced this week.

Table 1 **Car and commercial vehicle production**

Production figures of road motor vehicles cover complete vehicles, chassis with engines for delivery as such and unassembled vehicles for export. Road tractors are included but battery-operated road vehicles are excluded.

	No of weeks	Passenger cars (including taxis)				Commercial road vehicles			
		For home market	For export	Totals	Weekly average	For home market	For export	Totals	Weekly average
1969	53	892 758	824 315	1 717 073	32 398	272 998	192 778	465 776	8 788
1970	52	918 109	722 857	1 640 966	31 557	267 407	190 125	457 532	8 799
1971	52	1 027 462	714 478	1 741 940	33 499	268 278	187 928	456 206	8 773
1972	52	1 307 881	613 430	1 921 311	36 948	272 649	135 470	408 119	7 848
1973	52	1 142 216	605 105	1 747 321	33 602	257 574	159 049	416 623	8 012
1974	52	937 932	596 187	1 534 119	29 502	232 373	170 193	402 566	7 742
1975	52	735 532	532 164	1 267 696	24 379	194 319	186 386	380 705	7 321
1976	53	768 481	564 968	1 333 449	25 159	182 554	189 503	372 057	7 020
1977	52	753 195	562 777	1 315 972	25 307	201 445	196 823	398 268	7 659
1978	52	728 370	494 579	1 222 949	23 518	215 550	168 968	384 518	7 395
1979	52								
1978									
January	4	67 488	43 961	111 449	27 862	16 396	14 717	31 113	7 778
February	4	65 029	42 883	107 912	26 978	15 699	14 959	30 658	7 665
March	5	78 044	61 086	139 130	27 826	22 854	19 057	41 911	8 382
April	4	68 388	50 721	119 109	29 777	18 802	16 169	34 971	8 743
May	4	76 240	45 363	121 603	30 401	20 824	16 990	37 814	9 454
June	5	79 262	42 848	122 110	24 422	22 318	17 163	39 481	7 896
July	4	40 644	24 273	64 917	16 229	15 209	12 032	27 241	6 810
August	4	51 205	37 669	88 874	22 219	12 160	9 057	21 217	5 304
September	5	68 540	38 950	107 490	21 498	20 243	13 531	33 774	6 755
October	4	42 418	36 836	79 254	19 814	15 967	10 331	26 298	6 575
November	4	29 216	28 305	57 521	14 380	13 548	10 757	24 305	6 076
December	5	61 896	41 684	103 580	20 716	21 530	14 205	35 735	7 147
1979									
January	4	58 744	33 533	92 277	23 069	20 636	11 401	32 037	8 009
February	4	61 233	38 560	99 793	24 948	21 927	15 601	37 528	9 382
Cumulative:									
Jan-Feb 78		132 517	86 844	219 361	27 420	32 095	29 676	61 771	7 721
Jan-Feb 79		119 977	72 093	192 070	24 009	42 563	27 002	69 565	8 696
Percentage change		−9	−17	−12		+33	−9	+13	

Note: From January 1978, Land-Rover estate vehicles were recorded as commercial vehicles rather than as passenger cars. Figures for 1977 were revised on to this basis. The number of these vehicles in 1977 was 11 848.

Table 2 **Production seasonally adjusted**

Monthly average — Thousands

	Passenger cars			Commercial vehicles		
	For home market	For export	Total	For home market	For export	Total
1969	74	69	143	22.7	16.1	38.8
1970	77	60	137	22.3	15.8	38.1
1971	86	59	145	22.3	15.7	38.0
1972	109	51	160	22.7	11.3	34.0
1973	95	51	146	21.5	13.2	34.7
1974	78	50	128	19.4	14.2	33.6
1975	61	45	106	16.2	15.5	31.7
1976	64	47	111	15.2	15.8	31.0
1977	63	47	110	16.8	16.4	33.2
1978	61	41	102	18.0	14.1	32.1
1979						
1978						
January	66	45	111	17.6	15.8	33.4
February	69	43	112	15.7	15.0	30.7
March	69	52	121	19.2	16.2	35.4
April	69	48	117	19.7	16.3	36.0
May	64	40	104	19.7	14.9	34.6
June	70	38	108	19.9	14.4	34.3
July	59	37	96	19.2	14.3	33.5
August	65	50	115	17.3	14.0	31.3
September	68	39	107	18.9	13.2	32.1
October	46	37	83	15.4	10.8	26.2
November	28	27	55	12.8	11.6	24.4
December	57	38	95	20.2	12.3	32.5
1979						
January	58	35	93	22.2	12.3	34.5
February	65	39	104	22.1	15.6	37.7

Notes to table 2: The seasonally adjusted series has been adjusted to exclude the effect of regularly recurring influences (eg holidays) but the figures still reflect the effect of factors that do not recur regularly (eg strikes).

Care should be taken not to interpret changes between one month and another as necessarily indicating the underlying trend. The averages in the latest three months and the previous three months give a more reliable guide to recent changes.

Footwear industry: orders, deliveries and stocks in December

In the three months ended December 1978, deliveries in the footwear industry were estimated to be 3 per cent lower on a seasonally adjusted pairage basis than in the three months ended September 1978. Net new orders were 21 per cent higher than in the previous three months, while at the end of December orders-on-hand were 4 per cent lower than those in September 1978. The index of output in the three months ended December 1978 was 4 per cent lower than in the three months ended September 1978.

Index of output: orders on hand, new orders, deliveries and stocks of complete footwear

Monthly averages or monthly totals

	Index of output 1975 = 100	Orders-on-hand (end period)		Net new orders			Deliveries			Stocks (end period)
		Million pairs	£m	Million pairs		£m	Million pairs		£m	Million pairs
1966		33.6					16.4.			
1967		37.8		16.5			16.1			
1968		41.6		17.3			17.0			
1969		34.6		15.9			16.5			
1970		38.9		16.6			16.2			
1971		32.5	55.7	15.7			16.2		23.8	19.4
1972		29.5	59.6	15.2		24.8	15.4		24.5	18.5
1973	107	46.2	85.2	17.1		30.5	15.7		28.4	16.5
1974	105	44.3	79.5	14.3		30.9	14.4		31.3	18.0
1975	100	38.8	91.8	13.2		36.2	13.7		35.1	15.8
1976	99	46.8	132.9	13.8		42.8	13.1		39.4	14.4
1977	104	44.8	142.3	13.3		49.3	13.4		48.5	16.0
1978 p	103	56.2	159.3	13.3		55.6	13.0		53.6	18.5
	Season-ally adjusted	Actual	Actual	Actual	Season-ally adjusted	Actual	Actual	Season-ally adjusted	Actual	Actual
1976 1st qtr	98	42.6	89.2	14.6	13.2	38.9	13.3	13.0	39.8	19.0
2nd	98	46.3	107.5	12.8	13.2	40.4	11.5	12.4	34.3	20.9
3rd	98	36.9	89.7	10.0	12.2	34.7	13.2	12.9	40.7	17.2
4th	101	46.8	132.9	17.6	16.3	57.3	14.3	13.8	42.9	14.4
1977 1st qtr	103	57.6	140.9	17.4	16.0	51.7	13.8	13.6	49.0	14.7
2nd	105	57.4	154.2	12.7	12.6	48.2	12.8	13.3	43.7	17.2
3rd	103	47.5	110.3	10.1	12.3	35.0	13.3	13.2	49.6	14.1
4th	106	44.8	142.3	13.3	12.8	49.3	13.4	13.6	48.5	16.0
1978 1st qtr	100	60.4	155.6	18.1	16.9	57.8	12.9	12.6	53.4	17.2
2nd p	103	65.1	176.0	13.8	14.2	56.2	12.3	13.3	49.4	21.2
3rd p	106	50.1	143.7	8.4	9.8	45.1	13.4	13.4	55.9	17.9
4th p	102	49.3	162.0	12.8	11.8	63.2	13.5	13.1	55.8	17.6
1976 January	102	38.9	88.2	13.2	13.8	33.9	13.1	14.0	37.6	
February	97	40.0	89.3	14.1	13.1	40.3	12.9	12.7	39.2	
March	96	42.6	89.2	16.5	12.8	42.5	13.9	12.4	42.6	
April	99	42.2	94.4	12.2	10.7	39.7	11.6	12.4	34.5	
May	99	48.0	108.4	15.9	14.7	47.0	11.1	12.3	33.0	
June	96	46.3	107.5	10.2	14.3	34.4	11.8	12.5	35.3	
July	96	40.8	90.7	6.3	11.3	20.2	11.8	12.6	37.0	
August	97	38.1	87.9	5.8	12.3	33.7	11.4	12.3	36.6	
September	101	36.9	89.7	15.1	13.1	50.3	16.2	13.8	48.5	
October	100	44.9	111.7	23.6	18.3	67.6	15.6	13.7	45.7	
November	100	45.9	126.0	15.6	14.1	59.1	14.6	13.1	44.8	
December	104	46.8	132.9	13.6	16.4	45.0	12.6	14.8	38.1	
1977 January	100	51.8	133.8	16.3	18.5	42.7	11.9	13.2	41.8	
February	103	54.2	136.9	16.4	15.1	52.6	14.0	13.7	49.5	
March	105	57.6	140.9	19.1	14.5	59.7	15.6	14.0	55.7	
April	102	60.4	153.5	14.8	13.5	53.0	12.0	13.4	40.3	
May	109	62.6	164.0	15.8	13.7	56.4	13.7	14.5	45.9	
June	104	57.4	154.2	7.5	10.6	35.2	12.7	13.3	45.0	
July	99	53.7	135.4	8.0	15.1	23.5	11.7	13.1	42.2	
August	106	47.2	123.7	6.5	8.6	13.0	13.0	13.4	48.2	
September	104	47.5	110.3	15.7	13.2	45.2	15.4	13.0	58.6	
October	106	44.8	128.9	12.6	9.6	75.2	15.4	13.5	56.6	
November	107	41.5	134.9	11.6	10.6	61.8	14.9	13.3	55.7	
December	105	44.8	142.3	14.7	18.1	50.2	11.4	13.8	42.8	
1978 January	100	54.2	139.5	21.4	23.3	45.7	12.0	12.7	48.5	
February	99	55.4	141.2	13.9	12.9	54.8	12.8	12.5	53.2	
March	102	60.4	155.6	19.1	14.5	72.8	14.0	12.6	58.0	
April p	105	56.3	162.7	7.8	7.6	55.2	12.0	14.2	48.0	
May p	100	66.3	183.3	21.9	18.1	68.9	11.9	12.0	48.4	
June p	105	65.1	176.0	11.8	16.8	44.6	13.1	13.8	51.9	
July p	105	55.6	150.7	2.5	4.7	24.4	12.0	13.4	49.7	
August p	112	52.4	144.6	10.5	14.0	50.9	13.6	14.1	57.0	
September p	101	50.1	143.7	12.2	10.8	60.0	14.5	12.8	60.9	
October p	104	49.5	149.9	13.6	9.9	71.2	15.3	12.8	65.0	
November p	101	50.4	169.5	16.9	15.6	78.3	15.0	13.4	58.6	
December p	100	48.1	166.0	8.0	10.2	40.1	10.2	13.0	43.7	

[1] Based on early returns, seasonally adjusted deliveries in January are expected to be 12 million pairs (unadjusted deliveries 12 million pairs). p Provisional.

Detailed breakdown

A detailed breakdown of manufacturers' deliveries by type of footwear in pairage and value terms, together with figures of exports, imports, consumers' expenditure, prices and employment is published in the Business Monitor production series under the reference PQ 450.

The index of output is calculated from the value of total sales and work done by firms classified to the footwear industry (minimum list heading 450 of the standard industrial classification). In using the index numbers, it should be borne in mind that when price increases are large, the various problems associated with constructing a constant price value series become more acute. Because of these difficulties the relative accuracy of the estimates is likely to have been reduced in recent years.

Data on pairage

The data on pairage and value relate to complete footwear only sold by manufacturers classified to MLH 450 and to other industries (eg rubber) in the SIC, employing 25 or more persons.

Inquiries: 01-212 6787.

Carpet industry sales in December

The daily rate of carpet manufacturer's sales by value in December 1978 at current prices was provisionally estimated to have been 12 per cent more than in December 1977 assuming 19 working days in December 1978 and 20 working days in December 1977. In the three months ended December 1978 the daily rate of manufacturers' sales was provisionally estimated to have been 10 per cent more than in

Index of carpet manufacturers' sales

1975 = 100

	Index of manufacturers' sales at current prices	Wholesale price index
1974	179	86.7
1975	202	100.0
1976	234	115.7
1977	255	134.7
1978	286	149.7
1977		
4th qtr	292	139.2
1978		
1st qtr	270	145.8
2nd	280	147.0
3rd	272	151.8
4th	321	154.3
1977		
September	280	137.0
October	293	139.0
November	297	139.0
December	286	139.5
1978		
September	328	154.1
October	321	154.3
November	321	154.3
December	321	154.4

the corresponding period 12 months ago assuming 63 working days in the period ended December 1978 and 63 working days in the period ended December 1977. The index numbers which are of manufacturers' sales by value, have been adjusted for the length of the working month, but not for non-statutory holidays or other seasonal factors. The wholesale price index of carpets is shown as a guide to the movement in prices.

Inquiries: 01-212 0017.

Production of man-made fibres in January

In the three months ended January 1979 the volume of production of man-made fibres, seasonally adjusted was estimated to have been 1 per cent lower than in the three months ended October 1978. Total production by weight of man-made fibres in January 1979 was 7 per cent higher than in January 1978, output of continuous filament increased by 1 per cent and staple fibre increased by 11 per cent.
Inquiries: 01-212 0017 or 01-212 6474.

Man-made fibre production

Thousand metric tonnes

	Total	Continuous filament (singles)	Staple fibre
1968	539.1	241.8	297.4
1969	553.9	252.5	301.5
1970	599.4	257.6	341.9
1971	613.1	276.4	336.7
1972	626.5	264.0	362.5
1973	730.8	305.6	425.3
1974	627.6	271.0	356.6
1975	562.5	246.5	316.0
1976	618.4	270.7	347.7
1977	551.8	239.3	312.5
1978	607.2	240.6	366.6
1976			
1st qtr	159.8	70.0	89.8
2nd	157.5	69.7	87.7
3rd	140.4	62.4	78.0
4th	160.7	68.6	92.1
1977			
1st qtr	154.9	67.2	87.7
2nd	150.8	63.9	86.8
3rd	131.0	55.2	75.8
4th	115.1	53.0	62.1
1978			
1st qtr	150.1	60.6	89.5
2nd	156.2	62.2	94.0
3rd	141.6	56.8	84.8
4th	159.3	61.0	98.3
1977			
July	49.5	20.8	28.7
August	37.6	16.0	21.6
September	43.9	18.4	25.5
October	43.5	18.2	25.4
November	36.8	17.9	18.9
December	34.8	17.0	17.8
1978			
January	44.2	19.1	25.1
February	47.6	19.0	28.7
March	58.2	22.5	35.7
April	48.3	19.1	29.2
May	58.5	22.7	35.8
June	49.3	20.3	29.0
July	45.9	18.8	27.1
August	48.2	19.3	28.9
September	47.5	18.7	28.8
October	57.2	21.1	36.1
November	54.3	22.3	32.0
December	47.9	17.7	30.2
1979			
January	47.1	19.3	27.8

Source: Production stats: Man-made Fibres Producers Committee. Index of production: Department of Industry.

Orders for new construction in January

Value of new orders obtained by contractors
Great Britain

1975 = 100

	New housing [1]			Other new work					
					Private sector				
	Public	Private	Total	Public	Industrial	Commercial	Total	Total	Total new work
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	93.7	112.1	101.9	103.7	116.5	113.8	115.1	108.1	105.5
1977	67.5	102.6	83.1	85.3	139.9	122.0	130.4	102.7	94.6
1978 p	64.1	121.1	89.4	86.7	154.4	151.7	153.0	112.4	102.9
1977									
3rd qtr	68.2	106.4	85.1	86.9	142.7	119.7	130.4	103.8	96.1
4th qtr	70.2	115.4	90.3	87.0	137.8	123.1	130.0	103.7	98.1
1978									
1st qtr	65.4	109.4	84.9	84.9	158.9	165.4	162.4	114.3	102.2
2nd qtr	69.1	112.1	88.2	77.2	158.9	148.3	153.2	106.6	99.0
3rd qtr	65.2	129.8	93.8	92.1	159.5	149.2	154.0	116.1	106.9
4th qtr p	56.7	133.1	90.6	93.6	140.3	144.1	142.3	112.5	103.4
1978									
January	68.8	105.3	85.0	76.6	173.3	170.9	172.0	113.6	101.8
February	64.5	111.1	85.2	108.1	152.1	131.5	141.1	120.9	106.1
March	62.9	111.9	84.6	67.2	151.4	193.7	173.9	108.5	98.6
April	66.3	103.0	82.6	72.8	159.6	143.7	151.1	103.1	94.6
May	77.9	110.8	92.5	83.9	166.0	147.5	156.1	111.9	103.9
June	63.1	122.3	89.4	74.9	151.2	153.5	152.5	104.9	98.5
July	59.1	119.6	85.9	82.1	133.5	130.8	132.0	101.4	95.0
August	72.3	138.0	101.5	89.3	182.1	151.1	165.6	118.8	111.7
September	64.1	131.8	94.1	104.9	162.8	165.8	164.4	127.9	114.0
October	55.2	125.3	86.3	114.6	171.1	120.0	143.9	125.9	109.5
November	65.2	143.1	99.8	67.6	97.4	170.6	136.4	94.2	96.5
December p	49.7	130.9	85.7	98.7	152.5	141.7	146.7	117.3	104.2
1979									
January [2] p	50	85	65	70	150	140	145	100	85

[1] Excludes orders for home improvement work. [2] Estimates based on orders reported by major contractors. p Provisional.

Estimates have been made by the Department of Environment of new orders received in January 1979 by contractors for new construction work in Great Britain. Because of industrial action, the DOE computer which produces statistics of construction orders is not operating. Rough estimates for January have been made from the returns made by major contractors who account for the bulk of new orders. These estimates which must be treated with caution, have been made principally to indicate trends which are best shown by the comparisons between three-month periods.

Index of the volume of production 1975 = 100

1973	129
1974	111
1975	100
1976	110
1977	98
1978	105

	Actual	Seasonally adjusted
1976		
1st qtr	114	111
2nd	113	108
3rd	100	106
4th	112	114
1977		
1st qtr	111	107
2nd	107	102
3rd	91	97
4th	82	85
1978		
1st qtr	106	100
2nd	108	104
3rd	97	104
4th	109	112

	Actual	Seasonally adjusted
1977		
Jan	102	106
Feb	116	108
Mar	116	107
April	110	106
May	100	99
June	110	103
July	101	104
Aug	78	93
Sep	94	94
Oct	88	88
Nov	83	82
Dec	75	86
1978		
Jan	92	94
Feb	107	99
Mar	117	106
April	102	99
May	118	116
June	106	98
July	94	96
Aug	97	115
Sept	100	99
Oct	114	113
Nov	116	114
Dec	96	109
1979		
Jan	97	100

Lower orders

Expressed at constant (1975) prices and adjusted to exclude normal seasonal variations, total new orders for the three months November 1978 to January 1979 are estimated to have been 15 per cent lower than in the previous three months, August to October 1978, and 8 per cent lower than in November 1977 to January 1978.

New orders in the public housing sector in November to January were down 14 per cent on the previous three months and 25 per cent on November 1977 to January 1978. For the same periods of comparison, private housing orders were down 9 per cent and up 5 per cent, respectively.

Public works

Public works orders received by contractors in November to January were down 24 per cent on August to October and 9 per cent on November 1977 to January 1978. Orders for private industrial work were down 23 per cent on the previous three months and 17 per cent on the corresponding period a year earlier, while, for the same periods of comparison, private commercial orders were up 4 per cent and 1 per cent, respectively.

In current prices, the value of orders in January is estimated to have been about £650 million.

Cotton industry: production in January

Statistics issued by the Textile Statistics Bureau show that in January 1979 the amount of cloth woven was 5 per cent lower than in January 1978. Production of single yarn decreased by 8 per cent and doubled yarn decreased by 13 per cent.
Inquiries: 01-212 0017 or 6474.

Production in the cotton industry

Annual totals and weekly averages

	Single yarn [1]		Doubled yarn		Woven cloth	
	Cotton yarn [2]	Spun man-made yarns and mixture yarn, inc. waste	Cotton yarn	Other	Cotton	Man-made fibre and mixtures
	million kg				million m	
1968	171.2	67.5	49.9	52.0	668.2	507.3
1969	166.2	73.2	46.8	60.9	661.5	538.1
1970	158.7	77.4	43.2	57.3	627.6	484.3
1971	133.0	83.3		85.0	559.1	479.8
1972	121.4	81.7		75.4	513.0	469.8
1973	115.4	92.5		82.1	453.2	502.3
1974	101.3	87.7		74.7	409.5	505.3
1975	94.4	76.4		68.4	405.4	503.0
1976	106.9	76.1		69.4	374.5	492.9
1977	98.1	77.6		69.8	368.3	497.5
1978	91.3	75.8		60.6	380.0	458.4
1977						
Jan	2.2	1.7		1.5	7.7	10.3
Feb	2.3	1.7		1.6	7.9	10.7
Mar [3]	2.2	1.8		1.6	7.9	10.7
Apr	1.7	1.4		1.2	6.3	8.8
May	2.3	1.9		1.6	7.9	11.1
June [3]	1.5	1.2		1.1	6.9	8.8
July	1.6	1.2		1.2	4.3	7.5
August [3]	1.9	1.5		1.4	7.6	9.5
Sep	1.5	1.2		1.2	6.3	9.0
Oct	2.0	1.6		1.4	7.9	10.5
Nov [3]	2.0	1.6		1.4	7.8	10.2
Dec	1.4	1.1		1.0	5.9	7.6
1978						
Jan	2.0	1.5		1.3	7.7	10.0
Feb	2.0	1.6		1.3	8.0	10.0
Mar [3]	1.6	1.2		1.1	6.8	8.2
Apr	2.0	1.6		1.3	8.2	9.4
May [3]	1.8	1.6		1.2	7.5	8.7
Jun	1.4	1.3		1.0	8.2	8.8
July	1.6	1.3		1.1	4.6	6.6
August [3]	1.8	1.6		1.2	7.9	8.6
Sep	1.5	1.3		1.0	6.5	8.2
Oct	1.9	1.7		1.3	8.0	10.0
Nov [3]	2.0	1.7		1.3	8.0	9.7
Dec	1.4	1.2		1.0	5.9	7.6
1979						
Jan [3]	1.8	1.4		1.1	7.5	9.3

[1] Spun in cotton industry. [2] Including yarns wholly of cotton waste and mixture yarn of cotton and cotton waste. [3] Average of five weeks.

Hosiery and other knitted goods: index of production in January

In the three months ended January 1979 the volume of production of hosiery and other knitted goods (including knitted fabrics), seasonally adjusted, was provisionally estimated to have been 9 per cent lower than in the three months ended January 1978.

In using the index numbers shown in the table, it should be borne in mind that, when price increases are large, the various problems associated with constructing a constant value series become more acute. Because of these difficulties the relative accuracy of the estimates is likely to have been reduced in recent years. The actual figures allow for differences in the length of calendar months, but not for other seasonal variations.
Inquiries: 01-212 0017 or 01-212 6474.

Hosiery and other knitted goods, including warp knitting 1975 = 100

1973	105
1974	103
1975	100
1976	106
1977	106
1978 p	103

	Actual	Seasonally adjusted		Actual	Seasonally adjusted
1976			**1977**		
1st qtr	92	102	Oct	131	103
2nd	99	104	Nov	127	102
3rd	107	107	Dec	104	110
4th	124	109			
			1978		
1977			Jan	88	104
1st qtr	97	108	Feb	100	106
2nd	98	104	Mar	92	105
3rd	108	107			
4th	121	105	April	101	106
			May	93	103
1978			June	103	103
1st qtr	93	105			
2nd	99	104	July p	94	101
3rd p	108	106	Aug p	109	112
4th p	110	96	Sep p	121	105
			Oct p	124	97
1977			Nov p	120	98
Jan	95	113	Dec p	88	93
Feb	99	105			
Mar	97	105	**1979**		
			Jan p	80	95
April	94	104			
May	100	104			
June	100	104			
July	99	108			
Aug	102	106			
Sep	123	107			

p Provisional.

Patents recorded 'licences of right'

Under section 46 of the Patents Act 1977 the register was noted 'licences of right' in respect of the following patents on the date specified:

9 March 1979

1213696 Chrysler United Kingdom Ltd
Improvements relating to vehicles having wrap-round bumper bars
1223598 Chrysler United Kingdom Ltd
Improvements in or relating to vehicle bodies
1297368 Chrysler United Kingdom Ltd
An improved hub mounting
1347474 Chrysler United Kingdom Ltd
Improvements in or relating to electric window winding systems
1390555 Chrysler United Kingdom Ltd
Improvements in or relating to sun visor assemblies
1411305 Chrysler United Kingdom Ltd
Improvements in or relating to sliding roof panels for vehicle bodies
1433503 Chrysler United Kingdom Ltd
Improvements in or relating to motor vehicle bodies
1498655 Chrysler United Kingdom Ltd
Improvement in or relating to attachment devices
1514761 Chrysler United Kingdom Ltd
Improvements in or relating to vehicle hoists
1187760 Standard Telephones and Cables Ltd
Phase-shifting arrangement
1265605 Standard Telephones and Cables Ltd
Improvements in or relating to scanning low energy electron probe
1370221 Standard Telephones and Cables Ltd
Improvements relating to push-button signalling systems for telephone instruments
1448080 Standard Telephones and Cables Ltd
Optical fibre transducer
1461207 Standard Telephones and Cables Ltd
An electrical circuit for indicating the presence and direction of flow of an electrical current
1464430 Standard Telephones and Cables Ltd
Electroplating apparatus
1473338 Standard Telephones and Cables Ltd
Improvements in or relating to telephone exchanges
1481494 Standard Telephones and Cables Ltd
Train position indicator
1439560 Societa Italiana Resine SIR SpA
Acrylonitrile copolymers suitable for making flame-resisting fibres
1440299 Societa Italiana Resine SIR SpA
Process for preparing methyl acrylate or mixtures thereof with acrylic acid
1442006 Societa Italiana Resine SIR SpA
Acrylonitrile copolymers suitable for making flame-resisting fibres
1484340 Societa Italiana Resine SIR SpA
Process for alkylating aromatic hydrocarbons
1495502 Societa Italiana Resine SIR SpA
Self-extinguishing copolymer compositions suitable for making acrylic fibres
1495503 Societa Italiana Resine SIR SpA
Self-extinguishing copolymer compositions suitable for making acrylic fibres
1436912 International Standard Electric Corporation
Drawer for electronic switching units which is movable in a housing
1445897 International Standard Electric Corporation
System for transfer of data between central units and controlled units
1464669 International Standard Electric Corporation
Reed contact
1467202 International Standard Electric Corporation
Circuit for producing carrier frequencies
1469624 International Standard Electric Corporation
Large area motion sensor using pseudonoise technique
1427679 ITT Industries Inc
Bucket brigade circuit
1427911 ITT Industries Inc
Bucket brigade circuit
1465887 ITT Industries Inc
Monolithic integrated circuit for separating the line and frame synchronisation pulses of television receivers
1184781 Lilian Cawthorne Graves
Support device
1295988 Rubery Owen-Rockwell Ltd
Improvements relating to the manufacture of camshafts for brakes
1307521 Terence Patrick Priestley
Improvements in or relating to apparatus for dispensing liquid in measured quantities
1347574 Matsushita Electronics Corporation
Stress-hall-effect transducers
1396789 Matsushita Electric Industrial Co Ltd
Improvements in and relating to television receivers
1406524 Laboratoire L. Lafon
Hydrazino-amidines
1407993 Jack Smith (Gunmakers) Ltd
Holder for golf ball position marker and the combination of a holder and marker
1424616 Matsushita Seiko Co Ltd
Ventilator
1424999 Poclain
Improvements in and relating to telescopic structures
1440263 Bendix Westinghouse Ltd
Slack adjusters
1467447 Westinghouse Brake and Signal Co Ltd
Improvements in or relating to inverters
1514167 Bone Cravens Ltd
Improvements in injection moulding

15 March 1979

1411730 Societa Italiana Resine SIR SpA
Process for separating highly pure paracumylphenol
1415636 Societa Italiana Resine SIR SpA
Process for the preparation of methyl or ethyl of acrylic or methacrylic acid
1423468 Societa Italiana Resine SIR SpA
Catalytic process for the preparation of polyacrylonitrile and acrylonitrile copolymers
1423923 Societa Italiana Resine SIR SpA
Catalytic process for preparing polymers and copolymers of acrylonitrile
1436686 Societa Italiana Resine SIR SpA
Continuous process for the preparation of acrylonitrile polymers and copolymers
1440290 Societa Italiana Resine SIR SpA
Separation and recovery of products obtained in catalytic processes of preparing acrylonitrile polymers or copolymers

Any person who claims that the proprietor of the patent is, and was at the time of entry, precluded by a contract in which the claimant is interested from granting licences under the patent may, within three months after the making of the relevant entry, apply to the Comptroller on patents form 31/77 for cancellation of the entry.

I. J. G. Davis, Comptroller

Balance of payments: fourth quarter and year 1978

Summary
In the fourth quarter of 1978 there was a small deficit of £15 million on the UK balance of payments current and capital accounts combined, bringing the deficit for 1978 as a whole to £1,126 million. This contrasts sharply with the surplus of £7,361 million in 1977

The current account (seasonally adjusted) showed a surplus of £398 million in the fourth quarter, £347 million higher than in the third quarter. The improvement was largely due to changes in the more erratic items of visible trade. The surplus on invisibles is estimated at £437 million, some £19 million higher than the latest estimate for the third quarter. There was a reduction of over £100 million in the deficit on government transactions but the surplus on the invisibles transactions of the private sector and public corporations (excluding transfers), at £1,171 million, was nearly £100 million below that of the previous quarter. This was largely due to a rise in the profits due abroad to foreign oil companies.

In 1978, the current account is estimated to have been in surplus by £254 million compared with a surplus of £298 million in 1977.

There was a reduction of £569 million in the deficit on visible trade, but this is more than accounted for by the improvement in the balance on trade in oil. The surplus on invisibles in 1978 at £1,429 million, was some £610 million below the 1977 level. The main reason for this fall was an increase of some £450 million in the net contribution to the EEC. The information so far available also indicates a deterioration of about £300 million in the balance on sea transport. In addition, the expenditure of UK residents travelling abroad in 1978 increased much more sharply than the corresponding earnings from overseas visitors to this country. However the changes in these sectors were partially offset by continued growth in earnings on other kinds of services, and the surplus of invisibles (excluding transfers) in the private sector and public corporations in 1978 was £4,654 million compared with £4,734 million in 1977.

The deficit of £475 million on the capital account (including unidentified transactions) in the fourth quarter of 1978 followed a surplus of £37 million in the previous quarter. Once again flows of banking and other short-term capital swung round sharply while private investment abroad increased markedly. With the further outflows in the fourth quarter, the capital account shows a deficit of £1,380 million for the year, compared with a surplus of £7,063 million in 1977 when a high level of exchange market confidence and the authorities' policy of limiting the appreciation of sterling resulted in a capital inflow of unprecedented size. During 1978, exchange market confidence fluctuated and capital flows, particularly banking and other short-term capital were erratic throughout the year. Sterling balances of private non-residents rose by £304 million after having risen by nearly £1,500 million the previous year, and there was overseas disinvestment of £81 million in the UK public sector in 1978 contrasting with a net inflow of £2,182 million in 1977.

In the fourth quarter there was a small deficit for official financing and further rescheduling of the debt repayment programme took place, including early repayment to the IMF of £485 million ($980 million). Official reserves fell by £311 million. For 1978 as a whole the pattern of official financing was very different from that in the previous year. There were early net repayments to the IMF of over £1,000 million compared with net borrowing of over £1,100 million in 1977. Many repayments of public sector borrowing under the exchange cover scheme have also been made ahead of schedule and over the year repayments have exceeded new borrowings by some £380 million. Official financing transactions have thus added to the deficit of £1,126 million on current and capital accounts combined, and there was a fall of £2,329 million in the official reserves in 1978 compared with a rise of £9,588 million the previous year.

A detailed analysis of visible trade in 1978 by area and commodity was published in *Trade and Industry*, 9 March 1979.

Economic Trends

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Invisibles (seasonally adjusted figures)
The surplus on invisibles in the fourth quarter of 1978 was £437 million, some £19 million higher than the third quarter's figure which has been revised upwards to £418 million. The deficit on government transactions was over £100 million lower but the surplus on transactions of the private sector and public corporations (excluding transfers) fell by nearly £100 million to £1,171 million.

The fourth quarter results brought total credits on invisibles in 1978 to £17,720 million and debits to £16,291 million. The surplus on invisibles for the year as a whole fell from £2,042 million in 1977 to £1,429 million, attributable to the deterioration in the balance on transfers caused largely by the increase in the net contribution to the EEC:

Balances on invisibles £ million

	1977	1978	Change
Services (balance)	+2 875	+2 864	−11
Interest, profits, dividends (balance)	+392	+552	+160
Transfers (balance)	−1 225	−1 987	−762
All invisibles (balance)	+2 042	+1 429	−613

The surplus of the private sector and public corporations (excluding transfers) of £4,654 million in 1978 compares with £4,734 million in 1977. The balances on sea transport and travel deteriorated by £313 million and £221 million respectively.

Summary UK balance of payments £ million

				1977				1978			
	1976	1977	1978	1st qtr	2nd qtr	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Current account	Seasonally adjusted										
Visible balance	−3 601	−1 744	−1 175	−946	−779	−3	−16	−596	−173	−367	−39
Invisible balance	+2 464	+2 042	+1 429	+518	+482	+525	+517	+255	+319	+418	+437
Current balance	−1 137	+298	+254	−428	−297	+522	+501	−341	+146	+51	+398
	Not seasonally adjusted										
Current balance	−1 137	+298	+254	−563	−327	+592	+596	−583	+204	+173	+460
Investment and other capital transactions	−2 894	+4 602	−2 227	+1 813	+121	+1 240	+1 428	+92	−1 804	+74	−589
Balancing item	+402	+2 461	+847	+663	+1 114	+776	−92	+664	+106	−37	+114
Balance for official financing	−3 629	+7 361	−1 126	+1 913	+908	+2 608	+1 932	+173	−1 494	+210	−15
Official financing											
Net transactions with:											
IMF	+1 018	+1 113	−1 016	+682	+217	+214	0	0	−505	−26	−485
Other monetary authorities	−34	0	0	0	0	0	0	0	0	0	0
Foreign currency borrowing:											
By government [1]	0	+871	+191	+584	0	+287	0	0	+191	0	0
By public sector under exchange cover scheme	+1 792	+243	−378	+18	+33	+118	+74	−219	−218	−130	+189
Official reserves (drawings on, +: additions to, −)	+853	−9 588	+2 329	−3 197	−1 158	−3 227	−2 006	+46	+2 026	54	+311

[1] Drawings on two euro-dollar facilities for government to borrow $2,500 million and $1,500 million, and a $350 million bond issue in New York.

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Registrations of British, community and foreign films

The following are details of films registered by the Department of Trade under the Films Acts 1960 to 1970, as amended by the European Communities Act 1972, during the week ended Friday, 23 March 1979.

BR/E indicates that the film is a British quota film, EC that the film is a quota film. The date which forms part of the registration number of each is the date on which quota life of the film expires.

Title of film	Registered no.	Playing time minutes	Date of registration	Registered in the name of	Maker's name
BRITISH					
Nighthawks	BR/E 39973/24/3/84	114	20 March	Cinegate Ltd	Nashburgh Ltd
Vivaldi's 4 Seasons	BR/E 39975/24/3/84	25	21 March	ITC Film Distributors Ltd	Kendon Films Ltd
Movietone News 2598	BR/E 39839/24/3/84	8	23 March	British Movietonews Ltd	British Movietonews Ltd
COMMUNITY					
Effi Briest	EC 39974/24/3/84	140	21 March	Cinegate Ltd	Tango Films, Munich
Violette Noziere	EC 39978/24/3/84	122	22 March	Curzon Film Distributors Ltd	Filmel, Paris and Cinevideo inc, East Montreal
Blue Fantasies	EC 39979/24/3/84	77	23 March	Entertainment Film Distributors Ltd	Rapid-Film-GmbH, Munich
FOREIGN					
Battlestar Galactica	F 39971	118	19 March	Cinema International Corporation (UK)	Universal Pictures, California
California Suite	F 39972	102	19 March	Columbia-EMI-Warner Distributors Ltd	Ray Stark Films Inc, California
Autumn Sonata	F 39976	92	21 March	ITC Film Distributors Ltd	Persona Film GmbH, Munich
I Never Promised You A Rose Garden	F 39977	92	22 March	New World Pictures Ltd	New World Pictures Inc, California

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